



Annual Report and  
Financial Statements

31 October 2023

# Edinburgh Worldwide Investment Trust plc

Managed by

**Baillie Gifford™**



## **Investor disclosure document**

The UK Alternative Investment Fund Managers Regulations requires certain information to be made available to investors prior to their making an investment in the Company. The Company's Investor Disclosure Document is available for viewing at **[edinburghworldwide.co.uk](http://edinburghworldwide.co.uk)**.

## **Notes**

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the Financial Conduct Authority. They are not authorised or regulated by the Financial Conduct Authority.

Edinburgh Worldwide Investment Trust plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's ordinary shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority in relation to non-mainstream investment products.

**This document is important and requires your immediate attention.**

If you reside in the UK and are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you are outside the UK, you should consult an appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Edinburgh Worldwide Investment Trust plc, please forward this document, together with any accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

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# An introduction to Edinburgh Worldwide Investment Trust plc

**Unearthing the next generation of great growth businesses**

Edinburgh Worldwide aims for capital growth from a global portfolio of initially immature entrepreneurial companies, typically with a market capitalisation of less than US\$5bn at the time of initial investment, which are believed to offer long-term growth potential.

## **The opportunity**

Edinburgh Worldwide captures initially immature investment opportunities created by the long-running super-cycle of technological change.

We are in the middle of a period of profound change, with previously established behaviours and norms being disrupted by new technologies. This is facilitated by decades-long exponential trends in cost reduction and capabilities of key foundational technologies, such as processing power, genomic sequencing and battery storage, coming together to expand the frontiers of innovation. This pace of change looks set to accelerate, with explosions in areas such as data collection, connected internet devices and renewable energy ushering in a new societal paradigm. We're entering a decade likely characterised by space exploration, artificial intelligence, 3D printers and a biological revolution, which will reframe what we thought possible.

Smaller, progressive companies stand to benefit from this relative to large, static competitors.

Unencumbered by 'the innovator's dilemma', requirements to protect existing franchises, or internal competing priorities, immature businesses can design models and propositions from the ground up to best utilise new technologies. Meanwhile, established technologies such as the internet, cloud computing, and digital networks mean smaller businesses can now reach more customers or operationally scale at an unprecedented rate, removing some historical advantages of larger competitors. Smaller companies can now have genuinely global ambitions and seek to disrupt the largest end markets.

As demonstrated by the last three years, the market's attention to this may wax and wane. However, this is a hugely vibrant opportunity set, propelled by restless human ingenuity and entrepreneurialism.



## Philosophy

### Rare companies

Edinburgh Worldwide operates within an enormous investible universe, and the Managers' best estimates place this in the tens of thousands. Most of these, however, are unremarkable businesses without the disruptive potential sought by the Managers on shareholders' behalf. The portfolio is designed to contain a special few early-stage, immature businesses with the potential to disrupt large end markets through the creative use of innovation to facilitate propositions that are both better, and cheaper, than the status quo. The Managers have identified four traits as indicators of a company's ability to do this:

- problem-solving – innovating to solve significant problems and to reshape their industry;
- emerging edge – early signs of a competitive advantage that may compound over time;
- management – skilled individuals with a clear strategy for growth; and
- scalability – a business model which facilitates marginal returns becoming more attractive.

Qualitative assessment against these traits is crucial to manager's ongoing idea generation and investment decision-making.

### Long-term horizon

The Managers observe markets as fundamentally ill-suited to evaluating this type of mould-breaking business. The companies they seek are attempting radical change, a process which takes many years and where progress is rarely linear. To appreciate this and what such businesses could ultimately become, a long-term horizon and patience are prerequisites. Hence, they are tasked with

assessing companies on a five-year-plus horizon on shareholders' behalf. Markets, however, generally operate on a much shorter view. This is observable when the release of news, which has little influence on the likelihood of a company's sustained long-term success, results in pronounced price movements. The Board backs the Managers to maintain holdings through periods of price volatility, provided operational metrics remain in line with the Managers' expectations; tolerance of drawdowns has been an important feature for some of the most successful portfolio holdings.

The Board and Managers believe that the discrepancy between Edinburgh Worldwide's investment horizon and that of the market is a crucial source of edge and how the Managers can generate attractive long-term investment returns.

### Harnessing asymmetry

The portfolio attempts to harness the asymmetry inherent to equity markets – losses being capped at the amount invested, with returns potentially limitless – to deliver overall portfolio returns.

The Managers acknowledge that they will not be successful with all individual investments but this risk tolerance is necessary to identify special businesses early in their lifecycle. Once identified, the intention is to hold businesses for the long term, allowing them to contribute an outsized proportion of overall portfolio returns. Essentially, it is not about being right with the median investment but about 'how right' the Managers are with the top-performing holdings. This pattern is observable with past holdings such as Tesla and Dexcom. There are holdings with similar potential currently within the portfolio and the Board is excited for the prospects of the Managers identifying more in time on behalf of the Company's shareholders.





# Strategic report

**This Strategic report, which includes pages 06 to 57 and incorporates the Chair's statement, has been prepared in accordance with the Companies Act 2006.**



# One year summary\*

The following information illustrates how Edinburgh Worldwide has performed over the year to 31 October 2023.

	31 October 2023	31 October 2022	% change	
Total assets (before deduction of borrowings)	£688.0m	£879.4m		
Borrowings	£103.3m	£103.8m		
Shareholders' funds	£584.7m	£775.6m		
Net asset value per ordinary share (borrowings at book value)	151.06p	197.70p	(23.6)	
Share price	124.80p	172.60p	(27.7)	
S&P Global Small Cap Index total return (in sterling terms)‡			(4.3)	
Dividends paid and proposed per ordinary share	Nil	Nil		
Revenue earnings per ordinary share	(0.65p)	(0.49p)	(32.7)	
Ongoing charges#	0.70%	0.63%		
Discount (borrowings at discount value)#	(17.4%)	(12.7%)		
Active share#	99%	99%		
Year to 31 October	2023	2023	2022	2022
Year's high and low	High	Low	High	Low
Share price	191.00p	122.40p	335.00p	160.40p
Net asset value (after deducting borrowings at book value)	223.44p	150.42p	338.36p	188.29p
Premium/(discount) (borrowings at book value)#	(5.9%)	(23.4%)	5.5%	(20.1%)

\* For a definition of terms used see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

† The comparative index is the S&P Global Small Cap Index total return (in sterling terms).

# Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

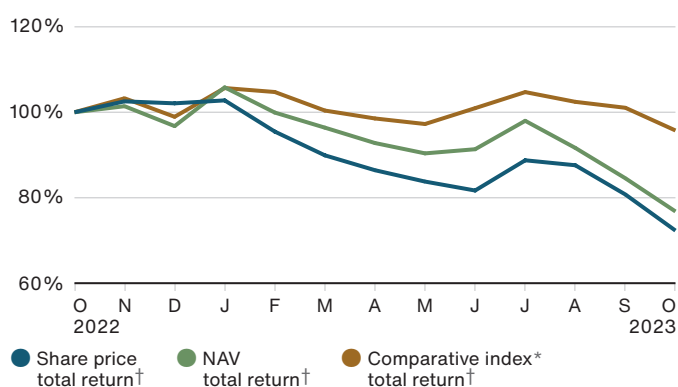
‡ Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 124.

Past performance is not a guide to future performance.

Year to 31 October	2023	2022
<b>Net return per ordinary share</b>		
Revenue	(0.65p)	(0.49p)
Capital	(46.21p)	(134.80p)
<b>Total</b>	<b>(46.86p)</b>	<b>(135.31p)</b>

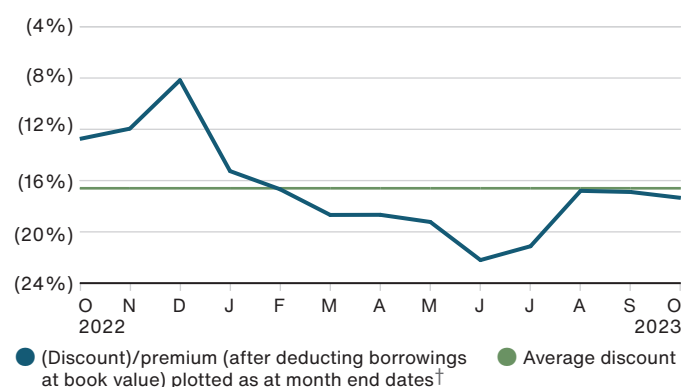
### NAV, share price and comparative index total return

(figures rebased to 100 at 31 October 2022)



### (Discount)/premium to Net Asset Value

(figures plotted on a monthly basis)



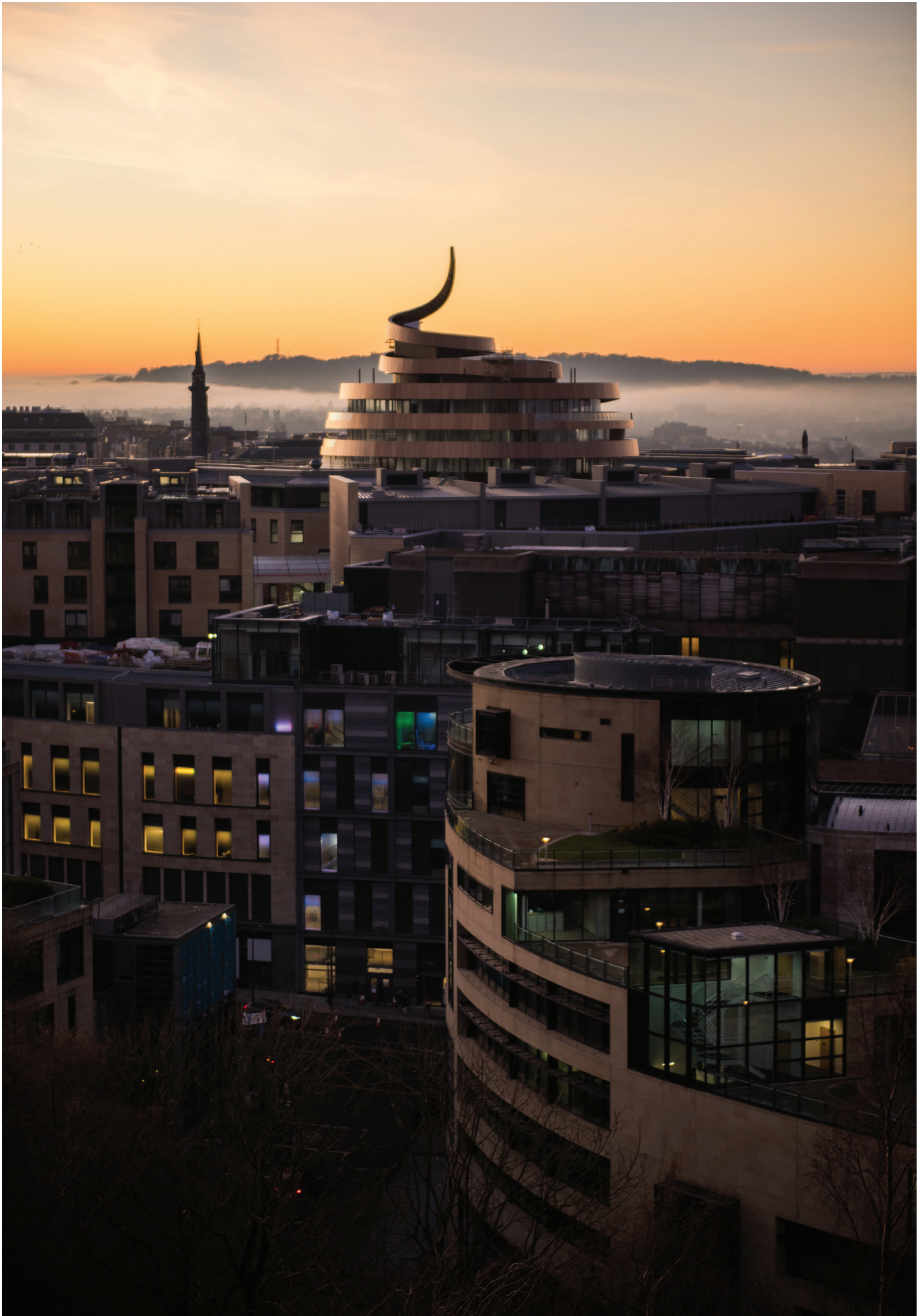
Performance since broadening of investment policy	31 October 2023	31 January 2014 <sup>‡</sup>	% change capital	% change total return
<b>117 months from 31 January 2014</b>				
Net asset value per ordinary share (after deducting borrowings at fair value) <sup>†</sup>	151.06p	87.34p	72.9	74.2
Net asset value per ordinary share (after deducting borrowings at book value)	151.06p	87.43p	72.8	74.1
Share price	124.80p	81.00p	54.1	54.8
Comparative Index (in sterling terms)* <sup>‡</sup>			84.6	123.0

\* S&P Global Small Cap Index total return (in sterling terms).

<sup>†</sup> Alternative Performance Measure, see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

<sup>‡</sup> Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 124.

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# Chair's statement



**Henry Strutt**

Chair

Appointed to the Board in 2011, and as Chair in 2017

## Our mission

The Company's mission is to invest in innovative businesses that are developing next generation products and services. We are living through a period of unprecedented scientific innovation and technological change. Edinburgh Worldwide ('EWIT') is designed to provide investors, who are otherwise unable to access this dynamic asset class, a way to participate in the exciting developments we are seeing across a whole range of foundational technologies from biotechnology and gene sequencing, through aeronautics and space technology, automation and artificial intelligence to semi-conductors, data processing and energy transformation and storage. The flexibility of the investment trust structure allows us to hold for the long-term and where necessary make follow-on investment in these growing companies as they look for additional finance to achieve their potential, without having to raise additional funds from our investors.

We have always believed that in order to take full advantage of these opportunities and access the potential for the outsized returns these could generate, requires a five year investment horizon, and in many cases up to 10 years. To judge performance on anything less than that, risks undermining the long-term potential that the Company has been established to access on behalf of its shareholders.

This however has presented us with a significant challenge over the last two years in a world where investors are under pressure to focus on quarterly or even daily fluctuations in valuation. Inevitably, even in the most favourable of market conditions, short-term or even medium-term volatility will often be at variance with the realisation of the long-term potential of the portfolio.

Market conditions of late have been anything but favourable – to put it mildly. The confluence of the pandemic and its overhang, geopolitical tension, the resurgence of inflation after decades of dormancy, and consequently aggressive central bank responses have all conspired to drastically shorten investors' time horizons and increase risk averse behaviour. These have in turn hit valuations of growth companies particularly hard, with a consequent knock-on effect on performances across the piece, with portfolios such as EWIT's being badly affected.

## Performance review

In the year to 31 October 2023, the Company's net asset value ('NAV') per share, when calculated by deducting borrowings at fair value, decreased by 23.6% and the share price by 27.7%. The comparative index, the S&P Global Small Cap Index\* total return, decreased by 4.3% in sterling terms during this period. The Company's share price discount to NAV ranged between 6% and 23%, averaging 17%, and ended the period at a 17.4% discount.

While this is not significantly out of line with the investment trust sector as a whole, where weighted average discounts of the AIC Global and AIC Global Smaller Companies sectors ended the period at 13.1% and 17.3% respectively, we recognise that is little comfort to our investors, when one takes into account the fact that the negative absolute returns of the past two financial years have erased the positive relative and much of the absolute returns that had been achieved since the broadening

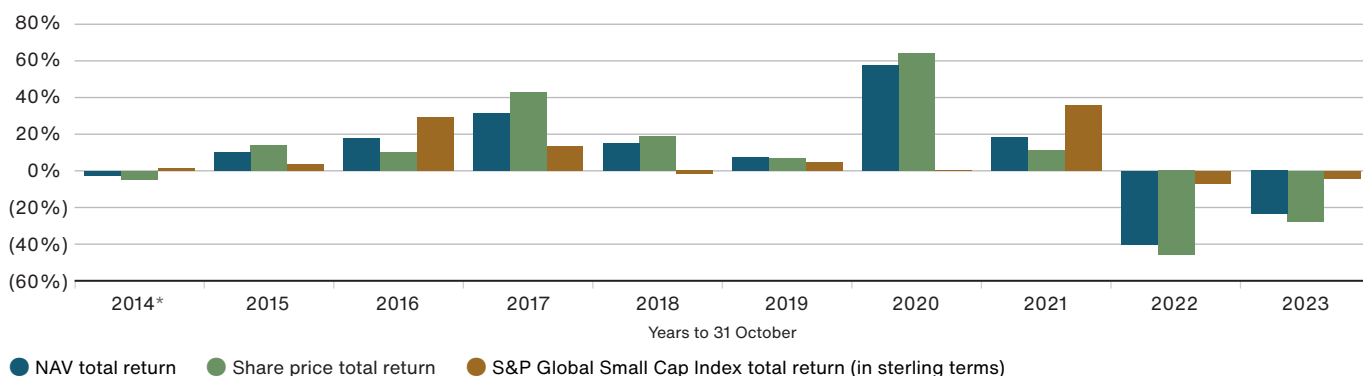
of the Company's investment remit approved by shareholders at the 27 January 2014 Annual General Meeting ('AGM'). Portfolio turnover over the year was 7.1% compared to 10.8% for the Company's financial year to 31 October 2022. Management fees and other expenses were down 14.9% in absolute terms compared with a year earlier, although as a percentage of average shareholders' funds, the ongoing charges represented 0.70% for the year versus 0.63% a year earlier, reflecting the fall in NAV over the year.

## The Board's response

Faced with this exceedingly difficult situation, as an independent Board, we have undertaken a thorough review challenging the Manager on the approach, philosophy and processes. One option would have been to recast the Company's objectives and portfolio in order to bring performance closer to that of the Index. However, we feel that would be doing a disservice to the long-term objectives of our investors and risk replicating many other readily available portfolios with greater short-term certainty but lacking the outstanding long-term potential of the current portfolio. It would eliminate that which is unique and irreplicable in the Company's approach, and at a time when the current sources of market dislocation have yet to fully wash through.

The portfolio is invested for the most part in companies with solid finances and good economics as well as outstanding future potential. The majority have been performing well operationally and have strong cash positions which means that they are

## Share price, NAV and comparative index total return



Source: LSEG and underlying data providers. See disclaimer on page 124.

All figures are total return (see Glossary of terms and Alternative Performance Measures on pages 130 to 132).

\* 9 months to 31 October 2014. The current broadened mandate was approved by shareholders at the 27 January 2014 AGM, so the table above shows the current portfolio managers' track record managing Edinburgh Worldwide's portfolio.

For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

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able to self-fund without recourse to outside sources of additional capital. We continue to encourage the portfolio managers to focus on smaller entrepreneurial companies, as we believe these are better able to deploy the best in human ingenuity and imagination to embrace disruptive technologies and processes at scale than larger companies who are inevitably hidebound by legacy practices and business models and layers of bureaucracy and hierarchy.

Nevertheless, the portfolio managers, under close scrutiny of the Board, have identified potential improvements to both processes and tactics which should improve the balance of the portfolio. These include being more rigorous in recognising stocks that have had a good run and taking profits where appropriate, and being more ruthless in addressing issues in the tail of the portfolio where the portfolio managers may have tended in the past to err on the side of patience.

## Unlisted investments

Many promising businesses that we wish the portfolio managers to invest in are at a relatively early stage in their development and, while already able to access external funding, have not yet seen the need to access public markets. As at the Company's year end, the portfolio weighting in private companies stood at 26.2% of total assets, invested in fourteen companies (2022 – 20.1% of total assets in fourteen companies) including companies such as SpaceX and PsiQuantum. This percentage is currently now at 25.8%. The Company currently has shareholder authority to make investments into unlisted investments of up to 25% of total assets, measured at the time of investment. When above this figure, the investments continue to be held, but new positions or additions cannot be made. No new private company investments were made during the year although follow-on investments were made in SHINE Technologies and Astranis Space Technologies.

Understandably, following the extreme volatility in public market valuations, the valuation of private companies has been under particular scrutiny by the broader investor community and the Board of EWIT. Whilst not surprising, it should be noted that

Baillie Gifford supported by the Board, has always taken a pro-active approach to private company valuations. Whilst there is always going to be an unavoidable element of subjectivity, the Board is firmly of the view that Baillie Gifford's approach to valuing private companies is proactive and timely, ensuring that the Company's daily published NAV is a genuine reflection of the current value of the full portfolio – listed and unlisted. For example, over the year to 31 October 2023, for the fourteen private companies held in the portfolio, their ongoing monitoring led to 130 revaluations in the period and resulted in a 1.1% average decrease in share price across the private companies held. As noted in the Directors' biographies on pages 59 to 62, the Board and Company also benefit from the expertise of the Directors when scrutinising and valuing private company investments. Additional scrutiny is also undertaken by Ernst & Young LLP, the Company's auditors.

The Board and Managers remain of the view that private companies continue to be a fundamental element in achieving the Company's objective and, as highlighted in prior years, the Board will keep the matter of the weighting to unlisted investments under review. Details on the valuation process and quantum of valuations of the portfolio's private company holdings undertaken, over the course of the financial year, can be found on page 16, immediately after the Managers' Review; I encourage readers to note this.

## Issuance, share buybacks and treasury

Despite strong demand for EWIT shares in recent years, no shares were issued in the last financial year. Given the discount to NAV and the Board's continued conviction in its portfolio and approach, the Company undertook 76 buybacks, buying back 5,190,382 shares to be held in treasury at a cost of £8.26 million. This resulted in the Company's issued share capital reducing by 1.3%. Buybacks were undertaken over the course of the year but paused for a period following the collapse of Silicon Valley Bank in the United States. Since the Company's year-end, a further 1,710,933 shares have been bought back for Treasury at a cost of £2.49 million.

\* Source: LSEG and relevant underlying index providers. See disclaimer on page 124.

For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

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The Company will once again be seeking to renew its share issuance, buyback and treasury share authorities. Issuance, either from treasury or of new shares, will only be undertaken at a premium to the prevailing NAV, with debt calculated at either par or fair (depending on which results in the higher hurdle), in order to satisfy natural market demand. The buyback facility is sought to allow the Company to buy back its own shares when the discount is substantial in absolute terms and relative to its peers. The Board is also mindful of the interests of longer-term ongoing shareholders as well as market liquidity and sentiment. Whilst not determining or prohibiting factors, the Board is also mindful of and continuously monitors the level of private company exposure and invested gearing.

Borrowings

At present, the Company has a five-year £100 million multi-currency revolving credit facility which expires in June 2026. In addition, a five-year £36 million multi-currency revolving credit facility which expires in September 2024. A £25 million multi-currency revolving credit facility expired during the year and was not replaced. The extent and range of equity gearing is discussed by the Board and Managers at each Board meeting. Both parties agree that the Company should typically be geared to equities to maximise potential returns, with the current aspirational parameters set at +5% to +15% of shareholders’ funds. Over the year, the invested equity gearing ranged between +9.7% and +16.1% and stood at +14.1% of shareholders’ funds at the financial year end (2022 – +12.3%). Invested equity gearing is currently 12.6% of shareholders’ funds.

Earnings and dividend

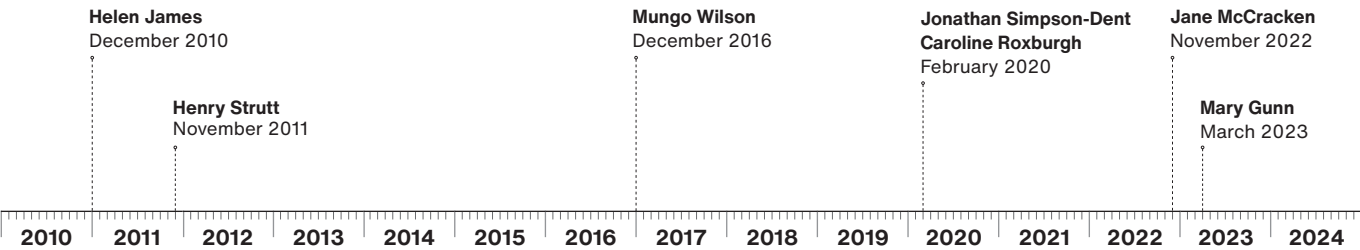
The Company’s objective is to achieve long term capital growth and investors should not expect income from this investment. This year the net revenue return per share was a negative 0.65p per share (2022 – negative 0.49p per share) and therefore no final dividend is being recommended by the Board. Should the level of underlying income increase in future years, the Board will seek to distribute to shareholders the minimum permissible to maintain investment trust status by way of a final dividend.

Board composition

Following a period of notable Board refreshment that has resulted in the appointment of four new Directors with relevant skills, since the start of 2020, I will be standing down from the Board at the conclusion of this year’s AGM taking place on 5 March 2024. Mr Jonathan Simpson-Dent, a seasoned private equity investor with extensive experience of chairing company boards, and who has been a member of the Board for 4 years, will assume the Chair at this point. Ongoing Board refreshment is a healthy exercise and will be one of the areas of focus under the direction of the new Chair.

Ms Helen James will be standing down as the Company’s Senior Independent Director at the conclusion of the forthcoming Annual General Meeting and will not be standing for re-election to the Board in 2025. It is intended that Ms Jane McCracken, who has enjoyed a successful career as an entrepreneur, advisor and investor in venture capital backed high growth technology and healthcare businesses in the UK and US, will replace her as Senior Independent Director.

The timeline below shows the date of appointment of the current Board.



## Annual General Meeting

The Company's next Annual General Meeting ('AGM') will be held in person at Baillie Gifford's offices in Edinburgh at 12 noon on Tuesday 5 March 2024. The portfolio managers will be presenting, and I and the Board look forward to seeing as many of those of you as possible who are able to attend either in person or by remote video link. Details of how shareholders can watch this year's AGM online can be found in the Notice of Annual General Meeting on page 118.

Further information, including the proposed resolutions and information on the deadlines for submitting votes by proxy should you not be able to attend, can be found on pages 118 to 122. Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy. For shareholders who held shares through the former abrdn Investment Trust Share Plans, Individual Savings Account and Investment Plan for Children, and whose accounts have moved to Interactive Investor, voting should now be undertaken in line with the terms and conditions of your new account provider.

If you hold shares through a share platform or other nominee, the Board would encourage you to contact these organisations directly as soon as possible to arrange for you to submit votes in advance of the AGM. Alternatively, The Association of Investment Companies' ('AIC') website [theaic.co.uk/how-to-vote-your-shares](https://theaic.co.uk/how-to-vote-your-shares) has information on how to vote your shares if you hold them via one of the major platforms. The following link will also take you through to the AIC website where there is information on how your platform can help you attend the AGM in person [theaic.co.uk/aic/ready-to-invest/shareholder-voting/attending-an-agm](https://theaic.co.uk/aic/ready-to-invest/shareholder-voting/attending-an-agm).

## Outlook

Our mission is to provide our investors with the opportunity to participate in an extraordinary wave of scientific and technological innovation and identify businesses that are not only at the forefront of that wave but have the entrepreneurial skills and scalability to translate innovation into outsized financial returns. We recognise that this requires a patient conviction and a readiness to accept short-term volatility in return for exceptional reward in the long term.

The Board and Managers continue to believe that the EWIT portfolio consists of companies with good economic foundations as well as excellent future potential. Moreover, there are increasing signs that we are at the top of the interest rate cycle and the reduction in risk appetite that we have seen recently is starting to unwind. While we cannot be complacent or assume that recovery in valuations will be a straightforward or immediate process, we see early signs of improvement.

While we cannot predict how long the current market conditions will prevail, we remain convinced that focusing on the fundamental strengths and potential of the portfolio will ultimately prevail, and that a return to more normalised monetary conditions after decades of cheap money will, with time, reward those who focus on genuine value rather than chasing the latest short-term trends.

Henry CT Strutt  
Chair  
25 January 2024

# Managers' review



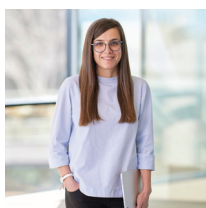
**Douglas Brodie**

Portfolio Manager

When we conceived the investment philosophy that sits behind Edinburgh Worldwide Investment Trust (EWIT), we knew that our distinct growth style wouldn't succeed in all market conditions. Nevertheless, the past three years have been especially unpredictable and disappointing.

EWIT strives to understand how the world is evolving, and which companies are best positioned to benefit. That demands we look forward, remain obsessed with the drivers of change and seek ideas that can convert the possible into tangible long-term commercial success. Bruising though recent years have been, we believe that the lowering of growth equity valuations for smaller capitalised firms is a highly attractive foundation for thoughtful long-term growth investing.

To us, the prospect of robust returns is more attractive than at any time in recent memory.



**Svetlana Viteva**

Deputy Portfolio Manager

## The case for looking forward

Stock markets rise and fall but the benefits of innovation accrue all around us. The opportunity for innovation and tech-led progress is stronger than ever. On many frontiers, entrepreneurs and innovative companies are creating products and services that will transform societal expectations. These frontiers stretch from healthcare to communications to computing and automation.

Much of this change is unaffected by the negative influence of equity markets and the tighter funding environment. It's driven instead by structural shifts and new combinations of technologies already underway. We expect many of these advances to appear within 5–10 years, but we're equally excited about possibilities beyond this timeframe.



**Luke Ward**

Deputy Portfolio Manager



Many of the companies with the greatest potential to deliver change are ones the market is shunning. They're seen as reckless pre-profitable companies, early in their lifecycle with the temerity to believe that things can be different from how they've always been. With the market reflexively punishing such companies and aggressively discounting their potential, those of us who believe in progress, long-term relevance and human ingenuity have become the contrarians.

Nevertheless, observing markets over many decades suggests that such myopia risks missing out on where the long-term returns will ultimately come from.

Be assured that the steady progress of human ingenuity is very much alive and well. Stock markets might not reflect this, but there are good reasons to be bullish about how underlying change will coalesce with future equity returns. We have every confidence that the portfolio can meaningfully outperform over the coming five years. In recognition of this, we have been increasing our personal holdings in the Trust.

## Portfolio update

We remain confident about the portfolio's current positioning, our long-term philosophy and our companies' ability to weather challenging times. Nevertheless, tough periods such as the last few years demand reflection: What could we have done better? What have we missed? What parts of our process and decision-making could be more robust?

Working with colleagues in Baillie Gifford's in-house Investment Risk team we've analysed the long-run performance of the portfolio and examined whether the relative sizes of groups of holdings have impeded overall results. This process suggested two areas we could improve:

- Reassessment of the risk-reward balance in larger holdings that have already made good returns.
- Better management of smaller positioned holdings that demands we balance patience against the need for capital for ideas already executing well.

Making such tweaks won't perfect the portfolio but should increase the robustness of our process and better protect against future underperformance.

In the last EWIT Interim report, we suggested that the era of abundance and 'free money' was making way for an era that rewarded better productivity and business efficiency, taking account of the pressures on businesses and the potential of high-quality automation enabled by AI and developments in software. Six months on, we are even more convinced about the effect of these tools on the portfolio in the coming years.

We're already seeing benefits in companies that have used the recent downturn to get leaner and fitter while still staying true to their long-term growth potential. We now have a better sense of how AI might influence our holdings and open a new world of efficiency. From generating new content to creating more engaging and human-like customer interfaces, the technology will make many tasks quicker and easier. As these tools are so widely available, we increasingly think of them as essential to a business's fundamental ability to compete.

In several portfolio companies, new AI capabilities are driving opportunity. For example:

- CyberArk: the increased ability for AI to impersonate humans is driving up corporate spending on cybersecurity around user identification.
- Axon: can now use AI to generate transcripts and police case reports based on bodycam data.
- Upwork: the freelance marketplace has become the go-to venue for accessing AI talent and sees significant scope to package AI tools for its base of freelancers across numerous areas.
- Chegg: the online tutoring company has pivoted to AI, offering much higher personalisation and content efficiency savings.

Our most challenging investment over the year has been in Novocure, and in aggregate the portfolio's exposure to healthcare related names has impacted performance. We have long seen a role for Novocure's novel tumour-treating technology to expand beyond glioblastoma, a rare aggressive form of brain cancer. While its attempts to prove this technology in the treatment of late-stage ovarian cancer patients were unsuccessful, the clinical data in its pivotal trial in lung cancer was very encouraging.

As detailed in the Interim Report, the data suggests that the treatment works well when used with cancer-fighting antibodies that have become the backbone therapy in many types of cancer. Further evidence is needed to establish the significance of this development, but we remain enthused about Novocure's long-term opportunity. The recent derating of its shares was driven by the setback in the path to commercialising its lung cancer therapy, without the market appreciating the long-term importance of the technology.

Despite the challenging market environment, several of our smaller holdings performed well both commercially and in share price performance. Demand for American Superconductor's resilient power systems grew strongly throughout 2023 as its industrial and utility customers continue to grapple with stabilising grid connections at greater scale and an increasing mix of renewable generation sources.

Another anti-cancer pioneer, Nanobiotix, the developer of radio-enhancing products to boost radiotherapy, announced a partnership and licensing deal with J&J for its main therapy, for head and neck cancers, currently in late-stage clinical development. We added to the Nanobiotix holding as it raised equity to accelerate development.

With a streamlined product portfolio and a revamped go-to-market approach, Digimarc has seen growing success in the adoption of its product digitisation technology. There has been particularly strong demand for its products in the retail sector as well as in recycling, where it holds the promise of disrupting how sorting and recycling of plastic waste is done.

We acquired a new position in MP Materials, an American miner of the rare earths neodymium and praseodymium, which are used in high-strength magnets for electric vehicles and wind turbines, as well as a range of consumer, industrial and military applications. These minerals could become much more valuable as green technologies are rolled out at scale, and the concentration of supply in China means that customers could pay a premium for those from a more geopolitically secure part of the world. We're also encouraged by MP's efforts to refine the minerals and make magnets itself. This should allow it to capture substantially more value than as raw material miners.

Most of the activity in the portfolio involved exiting companies where the investment case was not progressing as hoped, and 'top-slicing' or partly selling off holdings in companies where we felt the market was catching up on our view. We deployed the resulting funds into other holdings where we felt the market was not yet reflecting improvements in growth and profitability.

Companies we've sold include Everbridge, LendingTree, Splunk, Ceva, Adicet, PhenomeX, Wayfair and Q2. We also sold Chinook Therapeutics and Tabula Rasa as both received takeover approaches (from Novartis and private equity respectively). Notable reductions included Exact Sciences, Blackline, Axon, Shockwave and CyberArk. Notable additions were made to our holdings in Oxford Nanopore, Sprout Social, LiveRamp, Beam Therapeutics and Kingdee.

## Some wider reflections on recent performance

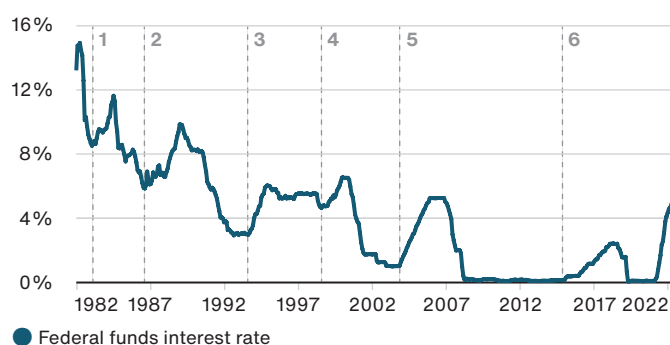
We have previously referred to the Company's portfolio of holdings as being in the eye of the storm regarding recent stock market angst. Our bias towards smaller, earlier-stage problem-solving companies is deliberate but has proven to be deeply counter to the market sentiment that has persisted in the aftermath of the COVID-19 pandemic. Where we believe our holdings offer long-term relevance and transformational potential, the market has demanded near-term predictability. Where we expect our holdings to invest in and build their scale and edge, the market has craved companies that are delivering cash returns now. Where we feel optimistic about innovation and future technological change, the market seems skittish and skewed to a cynical "believe it when I see it" mentality.

At the centre of this storm is the topic of time horizons, the key variable that all investors must factor in, but also the one where the differences in approach are the widest. We view EWIT's stock investing time horizon as being one that dovetails with its investments. We seek to identify special innovative companies early and retain them as they grow and thrive. It's a strategy that at its core is about special companies being built with the implicit belief that this should translate into special investment opportunities given time. To us, a 5–10 year time frame is the minimum over which we base our decisions, and in many cases, we think the rewards of business building accrue over decades.

The dominant narrative in equity markets in the post-COVID era has been the headwind of inflation and the efforts of Central Banks to control it through higher interest rates. As company-focused investors who observe long term change across many industries, we are often perplexed by the broader financial market's obsession with interest rates and their flow through into discount rates used to value equity cashflows. While central bank rates impact the discount rates used in valuation models, these moves have been within historical norms and need some added context. Moreover, history shows that small companies can still perform well in rising interest rate environments.

## Small caps can perform with rising rates

### US Federal Funds Effective Rate



Source: Board of governors of the federal reserve system (US).

### Russell 2000 index return following Fed Fund Rate Increase

	Hike date	3 months after %	12 months after %	18 months after %	36 months after %
1	01/02/83	n/a	26.9	5.20	49.22
2	01/10/86	1.75	29.02	7.47	40.02
3	04/02/94	(2.54)	(2.69)	16.85	47.57
4	30/06/99	(6.32)	14.32	7.06	1.71
5	30/06/04	(2.86)	9.45	15.88	48.00
6	15/12/15	(5.36)	22.63	17.55	9.14
<b>Averages</b>		<b>(3.07)</b>	<b>16.62</b>	<b>11.76</b>	<b>32.61</b>

The key skill in high-growth, long-term investing is understanding how a company's cash flow is likely to evolve over time, rather than precisely estimating discount rates used in valuation models. For earlier-stage companies, this means considering a range of possible cash flow scenarios and the probabilities of each.

The discount rate is just one input among many in the process of valuation. Its importance tends to be dwarfed by assumptions about long-term cash flow growth rates. For Alnylam, it's about assessing the total market for gene silencing therapies. For SpaceX, it's appreciating potential demand curves for lower cost space cargo and global satellite internet through Starlink.



Put plainly, where our top performers are concerned, huge commercial success over decades matters far more than academic valuation debates at any single moment. Our lived experience with our most successful investments shows most returns come from business growth, rather than from a re-rating of valuation multiples. Even drastic compression of multiples is unlikely to outweigh growth on the scale we envisage.

So EWIT remains focused on long-term opportunities, not short-term market obsessions. We believe the problem-solvers we invest in can transform industries over five-to-ten-year-plus time horizons. Their immense commercial potential is far more important than how we react to passing panics over interest rates.

The key question is whether higher interest rates fundamentally change the long-term growth trajectories and cash flow potential for our holdings. To answer that, we have thoroughly analysed the portfolio's resilience considering both financial strength and stage of business development.

Overall, we believe the portfolio is well-positioned across the spectrum: from profitable companies generating cash flows today to earlier-stage innovators with strong balance sheets that can fund a path to profitability over the next two to three years. The market is ignoring this financial sustainability factor, indiscriminately punishing any company that's not profitable now, regardless of capital resources or future prospects.

Our job at EWIT is to focus on secular technological shifts where growth opportunities seem undiminished or even accelerating – despite macro conditions. Conversely, we limit cyclical exposures tied closely to commodity industries or big-ticket capital spending. While interest rates directly impact some holdings like Zillow or IPG Photonics, their structural advantages provide resilience.

So if rates alone don't explain recent headwinds, what does? We believe the extreme confluence of pandemic, war, inflation and resulting policy responses has taken its toll on investor psychology and time horizons. The ability to earn reasonable cash yields with less risk has pulled focus to the near term.

This manifests in a bifurcated view of growth stocks. Linear, predictable growth stories such as Axon and CyberArk are rewarded. But longer-term opportunities dependent on strategic progress such as Ocado, Novocure and Oxford Nanopore get little credit despite their huge potential.

While we recognise it's highly subjective, we sense that the tipping point between willing-to-extrapolation and unwilling-to-postulate is around 18–24 months. We take comfort from the observation that holdings that have made material progress and boosted their near-term commercial traction have been rewarded. The price appreciation of Digimarc, and Exact Sciences over the past year are strong examples of this. Although an exaggerated focus on the short-term currently blinkers the market, it's far from blind to progress, as evidenced.

Healing from the barrage of exogenous shocks rather than rate changes per se will likely restore longer-term thinking and risk appetites. Encouragingly, some clouds over financial markets already appear to be clearing.

# Baillie Gifford – valuing private companies

We aim to hold our private company investments at 'fair value' i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations group at Baillie Gifford, which takes advice from an independent third party (S&P Global). The valuations group is independent from the investment team with all voting members being from different operational areas of the firm, and the investment managers only receive final notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one third of the holdings reassessed each month. During stable market conditions, and assuming all else is equal, each investment would be valued four times in a twelve-month period. For investment trusts, the prices are also reviewed twice per year by the respective investment trust boards and are subject to the scrutiny of external auditors in the annual audit process.

Beyond the regular cycle, the valuations team also monitors the portfolio for certain 'trigger events'. These may include: changes in fundamentals; a takeover approach; an intention to carry out an Initial Public Offering ('IPO'); company news which is identified by the valuation team or by the portfolio managers, or meaningful changes to the valuation of comparable public companies. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value. There is no delay.

The valuations team also monitors relevant market indices on a weekly basis and updates valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate. Continued market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle.

Edinburgh Worldwide Investment Trust*	%
Percentage of portfolio valued up to 5 times	35
Percentage of portfolio valued up to 6 times	73
Percentage of portfolio valued 6+ times	27

\* Data reflecting period 1 November 2022 to 31 October 2023 to align with the Company's reporting period end.

In the year to 31 October 2023, the performance of the private company portfolio has been relatively flat on average, with a number of companies capitalising on their successes and issuing new equity. The average movement in both company valuations and share price movements have been shown below.

Valuation movement	£'000
Value of private company investments as at 31 October 2022	176,669
Additions to existing holdings in the period	4,095
Investment revaluation gains in the period	16,286
Investment revaluation losses in the period	(16,993)
Value of private company investments as at 31 October 2023	180,057

Valuation movement	%
Average movement in investee company securities price	(1.1)
Average movement in investee company valuation	(1.5)

# Review of investments

A review of the Company's ten largest investments as at 31 October 2023.



© SpaceX.

## Space Exploration Technologies®

An aerospace and space transportation company that manufactures advanced rockets, like the Falcon 9, and satellites, like Starlink, that provides global broadband services. We're excited by its pursuit of reduced launch costs, thus opening avenues for growth, such as tourism and transportation. A clear segment leader, it looks positioned to capture an attractive share of the growing space industry, while Starlink may become the first globally relevant utility.

Geography	USA
Valuation at 31 October 2023	£69,018,000
% of total assets	10.0%
Valuation at 31 October 2022	£62,861,000
% of total assets	7.2%
Net purchases/(sales) in the year	Nil



© Science Photo Library/Alamy Stock Photo.

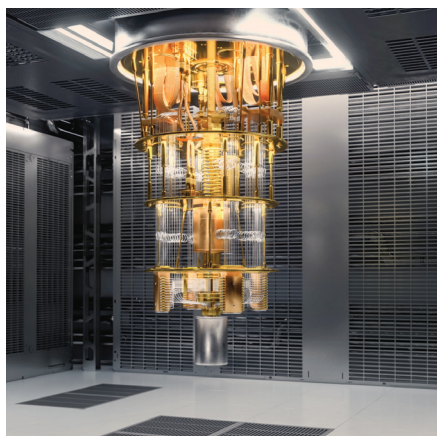
## Alnylam Pharmaceuticals

A biotechnology company with a dominant position in therapeutic gene silencing. Alnylam's drugs are designed to specifically bind and destroy the mRNA of a targeted gene, preventing it from making its protein product. This adaptable and repeatable process can be applied to any gene, representing a singularly powerful drug development platform. Alnylam is now increasingly targeting larger disease populations, such as haemophilia, alzheimer's, diabetes, hypertension and chronic heart failure.

Geography	USA
Valuation at 31 October 2023	£41,793,000
% of total assets	6.1%
Valuation at 31 October 2022	£67,286,000
% of total assets	7.7%
Net purchases/(sales) in the year	(£5,676,000)

① Denotes private company investment.





© Ocado.



© Exact Sciences

## PsiQuantum®

A technology business building the world's first commercially viable quantum computer. We appreciate that its photonics-based approach enables manufacturing in a conventional silicon chip foundry. Although at an early stage, if successful, it unlocks a new paradigm in computing and allows previously intractable problems to be tackled. Examples include the simulation of materials at the atomic level, a new encryption standard, or complex financial modelling.

Geography	USA
Valuation at 31 October 2023	£30,802,000
% of total assets	4.5%
Valuation at 31 October 2022	£27,682,000
% of total assets	3.2%
Net purchases/(sales) in the year	Nil

## Ocado

A grocery and technology business which has pioneered the use of highly automated fulfilment for online grocery. This results in retailer productivity gains, improving margins in a sector where efficiency is paramount. Given the enduring structural trend towards more grocery shopping happening online and Ocado's strong competitive position (bolstered by coming next-generation technology), we envisage substantial further growth prospects from deepening existing client relationships and identifying new ones.

Geography	UK
Valuation at 31 October 2023	£20,598,000
% of total assets	3.0%
Valuation at 31 October 2022	£20,917,000
% of total assets	2.4%
Net purchases/(sales) in the year	Nil

## Exact Sciences

A molecular diagnostic business focused on cancer. Its main product, Cologuard (a stool-based test), is the US market-leading non-invasive test for colorectal cancer. The company has ambitions beyond colon cancer screening. It is pursuing a 'pan-cancer continuum of care' strategy to develop and commercialise tests across many solid tumour cancers, from early detection to post-treatment monitoring. Success in these would represent a rough doubling in addressable markets.

Geography	USA
Valuation at 31 October 2023	£19,935,000
% of total assets	2.9%
Valuation at 31 October 2022	£15,663,000
% of total assets	1.8%
Net purchases/(sales) in the year	(£8,653,000)



© AeroVironment.

## AeroVironment

A robotics and defence business, it manufactures small Unmanned Aircraft Systems (UAS) used by US military forces and allies, to establish intelligence and reconnaissance superiority. We foresee UASs increasing their share of military budgets. AeroVironment is a segment leader, its product edge cemented by years of accumulated knowledge and protected by numerous patents. Its relationship, and trusted supplier status, with the US Federal Government are additional advantages.

Geography	USA
Valuation at 31 October 2023	£19,460,000
% of total assets	2.8%
Valuation at 31 October 2022	£17,521,000
% of total assets	2.0%
Net purchases/(sales) in the year	(£1,370,000)



© Oxford Nanopore.

## Oxford Nanopore Technologies

A genetic sequencing business, commercialising a sensitive molecular sensor that can 'read' long strands of DNA. Researchers are currently using this to reveal unique scientific insights and develop genomic-related applications and clinical diagnostics. ONT is differentiated due to its pioneering of a low-cost, decentralised model which seeks to democratise DNA sequencing. This could be pivotal in transitioning the technology into daily applications, significantly increasing the addressable market.

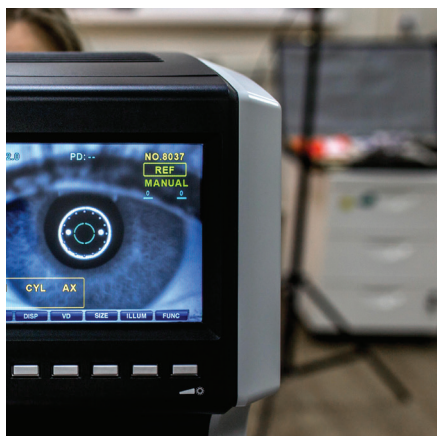
Geography	UK
Valuation at 31 October 2023	£18,801,000
% of total assets	2.7%
Valuation at 31 October 2022	£17,295,000
% of total assets	2.0%
Net purchases/(sales) in the year	£5,869,000



## Zillow

The dominant online portal for US real estate, connecting agents with purchasers and sellers. Zillow's reach at the initial stages of property search is enormous, and an entrenched source of edge. It's now focussing on increasing the proportion of transactions it directly engages in by concentrating on the highest-performing agents and introducing additional value-added services. We think this can meaningfully increase revenue, which the market under-appreciates.

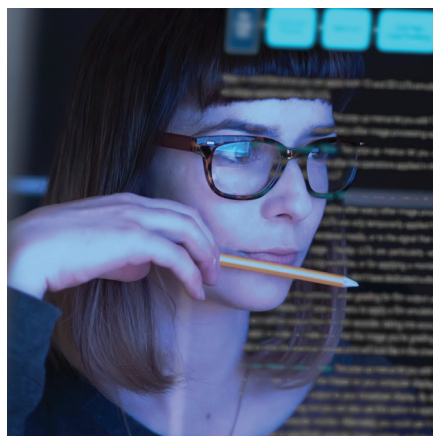
Geography	USA
Valuation at 31 October 2023	£18,771,000
% of total assets	2.7%
Valuation at 31 October 2022	£18,070,000
% of total assets	2.1%
Net purchases/(sales) in the year	(£1,389,000)



## STAAR Surgical

Designs and manufactures Implantable Collamer Lenses ('ICL') that are surgically placed in the eye to correct refractive eyesight errors. This approach has fundamental advantages over today's prevailing laser treatment: it is reversible, accessible to a broader population, and has a better safety profile. Now launched in three continents, a vast addressable market is available, and we're confident STAAR can increase its penetration over the coming years.

Geography	USA
Valuation at 31 October 2023	£17,348,000
% of total assets	2.5%
Valuation at 31 October 2022	£30,984,000
% of total assets	3.5%
Net purchases/(sales) in the year	Nil



## MarketAxess

Operates a global, all-to-all, electronic trading platform where institutional market participants can buy and sell fixed-income securities. The opportunity for growth is significant as electronic trading penetration, in fixed-income securities, remains low, and the bond market is expected to experience growth in issuance. MarketAxess seeks to increase platform volumes by developing customer numbers and utilising algorithmic automation to unlock larger value orders, historically a hard-to-unlock area.

Geography	USA
Valuation at 31 October 2023	£17,239,000
% of total assets	2.5%
Valuation at 31 October 2022	£23,688,000
% of total assets	2.7%
Net purchases/(sales) in the year	(£3,141,000)



# Twenty largest holdings and twelve month performance

Year to 31 October 2023

Name	Business	Country	Fair value 2023 £'000	% of total assets *	Absolute † performance %	Relative † performance %
Space Exploration Technologies# <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	69,018	10.0	9.8	14.7
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	41,793	6.1	(30.5)	(27.4)
PsiQuantum# <sup>①</sup>	Developer of commercial quantum computing	USA	30,802	4.5	11.8	16.8
Ocado	Online grocery retailer and technology provider	UK	20,598	3.0	(1.5)	2.9
Exact Sciences	Non-invasive molecular tests for early cancer detection	USA	19,935	2.9	68.2	75.7
AeroVironment	Small unmanned aircraft and tactical missile systems	USA	19,460	2.8	18.9	24.2
Oxford Nanopore Technologies	Novel DNA sequencing technology	UK	18,801	2.7	(21.6)	(18.2)
Zillow#	US online real estate portal	USA	18,771	2.7	11.3	16.2
STAAR Surgical	Ophthalmic implants for vision correction	USA	17,348	2.5	(44.0)	(41.5)
MarketAxess	Electronic bond trading platform	USA	17,239	2.5	(16.2)	(12.5)
Axon Enterprise	Law enforcement equipment and software provider	USA	17,223	2.5	33.5	39.4
Kingdee International Software	Enterprise management software provider	China	14,309	2.1	(23.4)	(20.0)
Shine Technologies (Illuminated Holdings)# <sup>①</sup>	Medical radioisotope production	USA	14,029	2.0	(10.2)	(6.2)
Appian	Enterprise software developer	USA	14,004	2.0	(23.7)	(20.3)
Relativity Space# <sup>①</sup>	3D printing and aerospace launch company	USA	12,858	1.9	56.0	62.9
Schrödinger	Drug discovery and simulation software	USA	12,656	1.8	(14.4)	(10.6)
Sprout Social	Cloud based software for social media management	USA	11,692	1.7	(32.1)	(29.1)
Upwork	Online freelancing and recruitment services platform	USA	11,241	1.7	(26.3)	(23.0)
Astranis Space Technologies# <sup>①</sup>	Communication satellite manufacturing and operation	USA	10,713	1.5	2.7	7.2
LiveRamp	Marketing technology company	USA	9,722	1.4	42.8	49.1
			<b>402,212</b>	<b>58.3</b>		

\* Total assets comprises all assets held less all liabilities other than liabilities in the form of borrowings.

† Absolute and relative performance has been calculated on a total return basis over the period 1 November 2022 to 31 October 2023. Absolute performance is in sterling terms; relative performance is against S&P Global Small Cap Index (in sterling terms).

# More than one line of stock held. Holding information represents the aggregate of both lines of stock.

① Denotes private company investment.

Source: Baillie Gifford/StatPro and relevant underlying index providers. See disclaimer on page 124.

Past performance is not a guide to future performance.

# List of investments

as at 31 October 2023

Name	Business	Country	Fair value 2023 £'000	% of total assets	Fair value 2022 £'000
Space Exploration Technologies Series N Preferred <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	39,556	5.7	36,028
Space Exploration Technologies Series J Preferred <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	17,944	2.6	16,343
Space Exploration Technologies Series K Preferred <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	8,180	1.2	7,450
Space Exploration Technologies Class A Common <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	2,551	0.4	2,323
Space Exploration Technologies Class C Common <sup>①</sup>	Designs, manufactures and launches advanced rockets and spacecraft	USA	787	0.1	717
			69,018	10.0	62,861
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	41,793	6.1	67,286
PsiQuantum Series C Preferred <sup>①</sup>	Developer of commercial quantum computing	USA	17,618	2.6	14,860
PsiQuantum Series D Preferred <sup>①</sup>	Developer of commercial quantum computing	USA	13,184	1.9	12,822
			30,802	4.5	27,682
Ocado	Online grocery retailer and technology provider	UK	20,598	3.0	20,917
Exact Sciences	Non-invasive molecular tests for early cancer detection	USA	19,935	2.9	15,663
AeroVironment	Small unmanned aircraft and tactical missile systems	USA	19,460	2.8	17,521
Oxford Nanopore Technologies	Novel DNA sequencing technology	UK	18,801	2.7	17,295
Zillow Class C	US online real estate portal	USA	17,429	2.5	15,632
Zillow Class A	US online real estate portal	USA	1,342	0.2	2,438
			18,771	2.7	18,070
STAAR Surgical	Ophthalmic implants for vision correction	USA	17,348	2.5	30,984
MarketAxess	Electronic bond trading platform	USA	17,239	2.5	23,688
Axon Enterprise	Law enforcement equipment and software provider	USA	17,223	2.5	16,712

Name	Business	Country	Fair value 2023 £'000	% of total assets	Fair value 2022 £'000
Kingdee International Software	Enterprise management software provider	China	14,309	2.1	14,450
Shine Technologies (Illuminated Holdings) Series Convertible Loan Note <sup>(1)</sup>	Medical radioisotope production	USA	824	0.1	–
Shine Technologies (Illuminated Holdings) Series Convertible Promissory Note <sup>(1)</sup>	Medical radioisotope production	USA	3,295	0.5	–
Shine Technologies (Illuminated Holdings) Series C-5 Preferred <sup>(1)</sup>	Medical radioisotope production	USA	9,910	1.4	11,581
Shine Technologies (Illuminated Holdings) Series D-1 Preferred <sup>(1)</sup>	Medical radioisotope production	USA	0	0.0	869
			14,029	2.0	12,450
Appian	Enterprise software developer	USA	14,004	2.0	12,247
Relativity Space Series D Preferred <sup>(1)</sup>	3D printing and aerospace launch company	USA	8,753	1.3	5,193
Relativity Space Series E Preferred <sup>(1)</sup>	3D printing and aerospace launch company	USA	4,105	0.6	3,178
			12,858	1.9	8,371
Schrödinger	Drug discovery and simulation software	USA	12,656	1.8	8,793
Sprout Social	Cloud based software for social media management	USA	11,692	1.7	12,883
Upwork	Online freelancing and recruitment services platform	USA	11,241	1.7	15,249
Astranis Space Technologies Series C Preferred <sup>(1)</sup>	Communication satellite manufacturing and operation	USA	9,889	1.4	9,638
Astranis Space Technologies Series C Prime Preferred <sup>(1)</sup>	Communication satellite manufacturing and operation	USA	824	0.1	–
			10,713	1.5	9,638
LiveRamp	Marketing technology company	USA	9,722	1.4	4,706
Genmab	Antibody based drug development	Denmark	9,197	1.3	18,474
PureTech Health	IP commercialisation focused on healthcare	UK	8,758	1.3	11,601
Progyny	Fertility benefits management company	USA	7,914	1.2	8,418
Snyk Series F Preferred <sup>(1)</sup>	Security software	UK	4,892	0.7	4,394
Snyk Ordinary Shares <sup>(1)</sup>	Security software	UK	2,919	0.5	1,989
			7,811	1.2	6,383
Reaction Engines <sup>(1)</sup>	Advanced heat exchange company	UK	7,737	1.1	7,000
JFrog	Software development tools and management	Israel	7,664	1.2	9,128
BlackLine	Enterprise financial software provider	USA	6,957	1.0	13,625
Xero	Cloud based accounting software for small and medium-sized enterprises	New Zealand	6,837	1.0	9,080
Pacira BioSciences	Opioid free analgesics developer	USA	6,759	1.0	14,419
Novocure	Manufacturer of medical devices for cancer treatment	USA	6,575	1.0	26,862



Name	Business	Country	Fair value 2023 £'000	% of total assets	Fair value 2022 £'000
Zai Lab HK Line	Chinese bio-pharmaceutical development and distribution company	China	6,448	0.9	6,131
IPG Photonics	High-power fibre lasers	USA	6,384	0.9	6,719
Avacta Group	Affinity based diagnostic reagents and therapeutics	UK	6,290	0.9	7,100
Lightning Labs Series B Preferred <sup>①</sup>	Lightning software that enables users to send and receive money	USA	5,803	0.8	5,972
Fiverr	Freelance services marketplace for businesses	Israel	5,646	0.8	8,693
Doximity	Online healthcare resource and interactive platform developer	USA	5,624	0.8	5,534
ShockWave Medical	Medical devices manufacturer	USA	5,491	0.8	13,638
Epic Games <sup>①</sup>	Video game platform and software developer	USA	5,456	0.8	10,427
Echodyne Corp. Series C-1 Preferred <sup>①</sup>	Metamaterial radar sensors and software	USA	5,303	0.8	6,676
CyberArk Software	Cyber security solutions provider	Israel	5,152	0.7	9,242
Chegg	Online educational company	USA	5,151	0.7	15,587
Genus	Livestock breeding and technology services	UK	4,960	0.7	5,931
Zuora	Enterprise sales management software	USA	4,765	0.7	5,219
Renishaw	Measurement and calibration equipment	UK	4,324	0.6	4,926
QuantumScape	Solid-state batteries for electric vehicles	USA	4,310	0.6	6,608
BillionToOne Series C Preferred <sup>①</sup>	Pre-natal diagnostics	USA	3,788	0.6	3,706
BillionToOne Promissory Note <sup>①</sup>	Pre-natal diagnostics	USA	412	0.1	434,273
			4,200	0.7	437,979
Nanobiotix ADR	Nanomedicine company focused on cancer radiotherapy	France	4,182	0.6	1,846
Teladoc	Telemedicine services provider	USA	4,054	0.6	7,647
HashiCorp	Cloud-computing infrastructure provider	USA	4,008	0.6	-
American Superconductor	Designs and manufactures power systems and superconducting wire	USA	3,962	0.6	3,002
Beam Therapeutics	Biotechnology company	USA	3,849	0.6	4,459
Quanterix	Ultra-sensitive protein analysers	USA	3,751	0.5	2,014
Ceres Power Holding	Developer of fuel cells	UK	3,740	0.5	6,192
Ambarella	Video compression and image processing semiconductors	USA	3,618	0.5	4,637
Twist Bioscience	Biotechnology company	USA	3,543	0.5	7,770
Digimarc	Digital watermarking technology provider	USA	3,307	0.5	2,186
TransMedics	Medical device company	USA	3,293	0.5	2,438
MP Materials	Rare earth materials company	USA	3,236	0.5	-

Name	Business	Country	Fair value 2023 £'000	% of total assets	Fair value 2022 £'000
Trupanion	Pet health insurance provider	USA	3,136	0.5	8,102
New Horizon Health	Cancer screening company	China	3,123	0.5	1,365
AbCellera Biologics	Antibody design and development company	Canada	3,101	0.5	9,438
KSQ Therapeutics Series C Preferred <sup>①</sup>	Biotechnology target identification company	USA	3,072	0.5	4,151
InfoMart	Online platform for restaurant supplies	Japan	3,020	0.5	4,387
Adaptimmune Therapeutics	Cell therapies for cancer treatment	UK	2,835	0.4	5,770
Sensirion Holding	Manufacturer of gas and flow sensors	Switzerland	2,768	0.4	4,463
Cardlytics	Digital advertising platform	USA	2,699	0.4	2,167
IP Group	Intellectual property commercialisation	UK	2,395	0.3	3,229
ITM Power	Hydrogen energy solutions manufacturer	UK	2,248	0.3	2,880
M3	Online medical database	Japan	2,212	0.3	7,274
Tandem Diabetes Care	Manufacturer of insulin pumps for diabetic patients	USA	2,112	0.4	7,236
MonotaRO	Online business supplies	Japan	2,055	0.3	4,169
PeptiDream	Peptide based drug discovery platform	Japan	2,052	0.4	1,829
Rightmove	UK online property portal	UK	2,032	0.3	3,393
DNA Script Series C Preferred <sup>①</sup>	Synthetic DNA fabricator	France	2,031	0.3	5,536
freee K.K.	Cloud based accounting software for small and medium-sized enterprises	Japan	1,778	0.3	2,231
Victrex	High-performance thermo-plastics	UK	1,751	0.3	2,101
Sutro Biopharma	Biotechnology company focused on next generation protein therapeutics	USA	1,701	0.2	4,779
EverQuote	Commerce platform for small and medium-sized enterprises	USA	1,632	0.2	1,221
C4X Discovery Holdings	Rational drug design and optimisation	UK	1,607	0.2	2,273
C4X Discovery Warrants	Rational drug design and optimisation	UK	0	0.0	-
			1,607	0.2	2,273
Huya ADR	A live game streaming platform	China	1,592	0.2	993
Codexis	Industrial and pharmaceutical enzyme developer	USA	1,415	0.2	7,820
Ilika	Discovery and development of novel materials for mass market applications	UK	1,391	0.2	2,318
Graphcore Series D2 Preferred <sup>①</sup>	Specialised processor chips for machine learning applications	UK	930	0.1	3,945
Graphcore Series E Preferred <sup>①</sup>	Specialised processor chips for machine learning applications	UK	296	0.0	1,437
			1,226	0.1	5,382
Stratasys	3D printer manufacturer	USA	1,211	0.2	1,817
Cosmo Pharmaceuticals	Therapies for gastrointestinal diseases	Italy	1,044	0.2	1,688
Akili Interactive	Digital medicine company	USA	1,012	0.1	6,561
BASE	Commerce platform for small and medium-sized enterprises	Japan	889	0.1	1,087

Name	Business	Country	Fair value 2023 £'000	% of total assets	Fair value 2022 £'000
Catapult Group International	Analytics and data collection technology for sports teams and athletes	Australia	848	0.1	823
Expensify	Expense management software	USA	787	0.1	4,077
Agora ADR	Voice and video platform technology provider	China	618	0.1	616
LivePerson	Messaging tools for business and customer interactions	USA	539	0.1	2,274
NuCana SPN ADR	Next generation chemotherapy developer	UK	470	0.1	1,065
Spire Global	Satellite powered data collection and analysis company	USA	320	0.0	1,083
Collectis	Genetic engineering for cell based therapies	France	189	0.0	523
Collectis ADR	Genetic engineering for cell based therapies	France	68	≤0.1	0
			257	0.0	523
Angelalign Technology	Medical devices manufacturer	China	50	≤0.1	67
Chinook Therapeutics (formerly Aduro Biotechnology) CVR Line	Immunotherapy drug development	USA	0	0.0	0
4D Pharma	Microbiome biology therapeutics	UK	0	0.0	0
4D Pharma Warrants	Microbiome biology therapeutics	UK	0	0.0	0
			0	0.0	0
China Lumena New Materials – Suspended	Mines, processes and manufactures natural thenardite products	China	0	0.0	0
<b>Total equities</b>			<b>671,300</b>	<b>97.6</b>	<b>872,804</b>
Net liquid assets			16,686	2.4	6,589
<b>Total assets*</b>			<b>687,986</b>	<b>100.0</b>	<b>879,393</b>

\* Total assets comprises all assets held less all liabilities in the form of borrowings.

① Denotes private company investment.

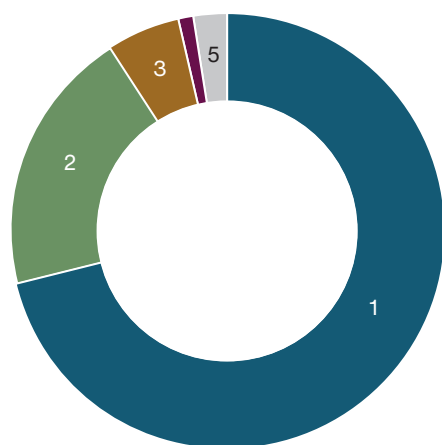
	Listed equities %	Unlisted securities # %	Net liquid assets %	Total assets %
<b>31 October 2023</b>	<b>71.4</b>	<b>26.2</b>	<b>2.4</b>	<b>100.0</b>
31 October 2022	79.2	20.1	0.7	100.0

Figures represent percentage of total assets.

# Includes holdings in preference shares, ordinary shares and convertible promissory notes.

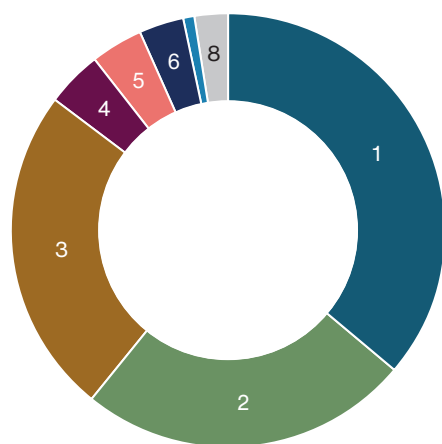
# Distribution of total assets

## Geographical 2023



		2023 %	2022 %
1	North America	71.2	71.7
	USA	70.7	70.6
	Canada	0.5	1.1
2	Europe	19.7	21.5
	United Kingdom	14.2	13.5
	Eurozone	2.4	1.8
	Developed Europe (non euro)	3.1	6.2
3	Asia	5.6	5.0
	China	3.8	2.3
	Japan	1.8	2.7
4	Australasia	1.1	1.1
	New Zealand	1.0	0.1
	Australia	0.1	1.0
5	Net liquid assets	2.4	0.7

## Sectoral 2023

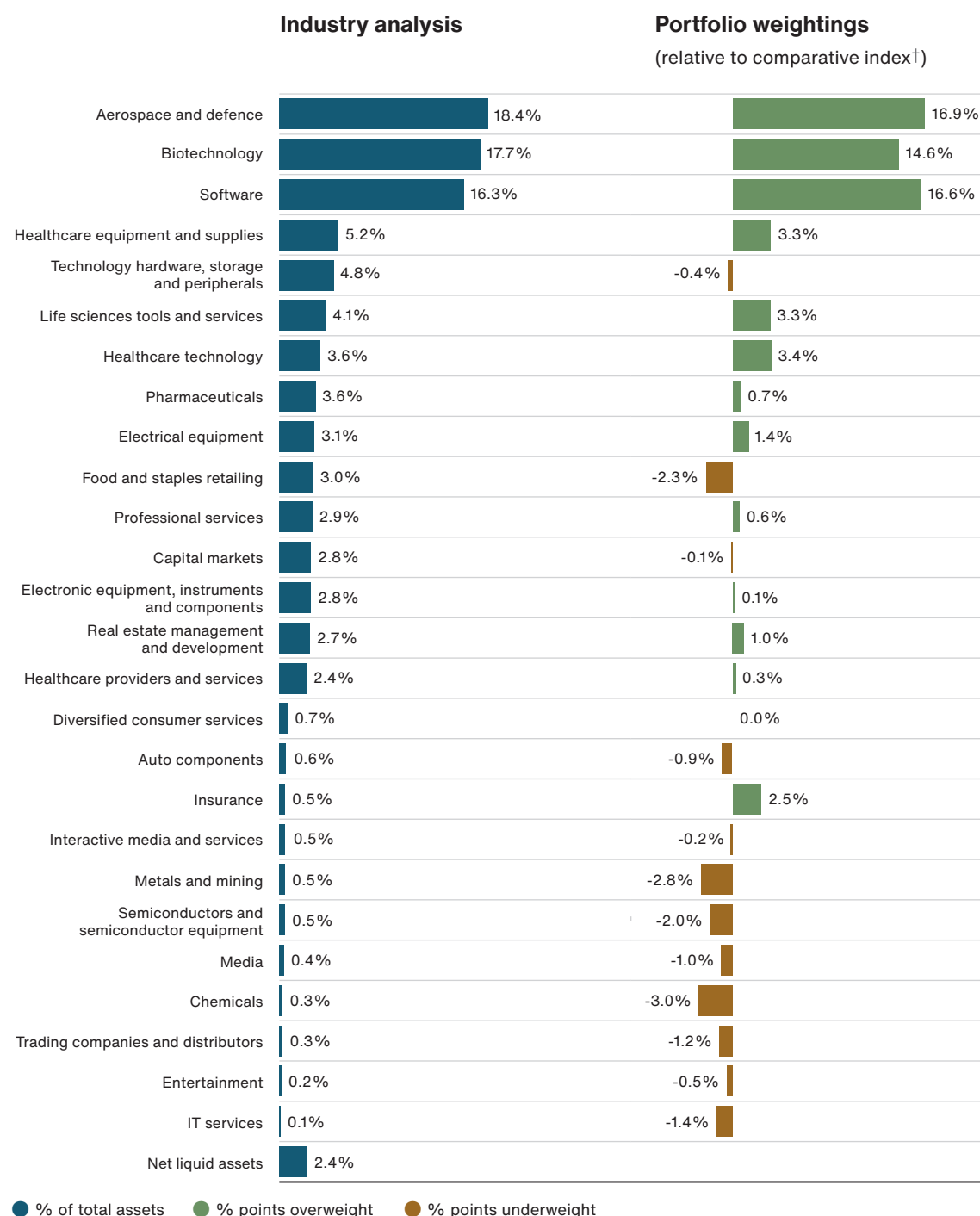


		2023 %	2022 %
1	Healthcare	36.2	43.2
2	Industrials	24.7	17.7
3	Information technology	24.5	24.7
4	Consumer discretionary	4.3	6.3
5	Communication services	3.8	2.9
6	Financials	3.3	4.3
7	Materials	0.8	0.2
8	Net liquid assets	2.4	0.7



# Distribution of total assets\* by industry

At 31 October 2023



\* Total assets comprises all assets held less all liabilities other than liabilities in the form of borrowings.

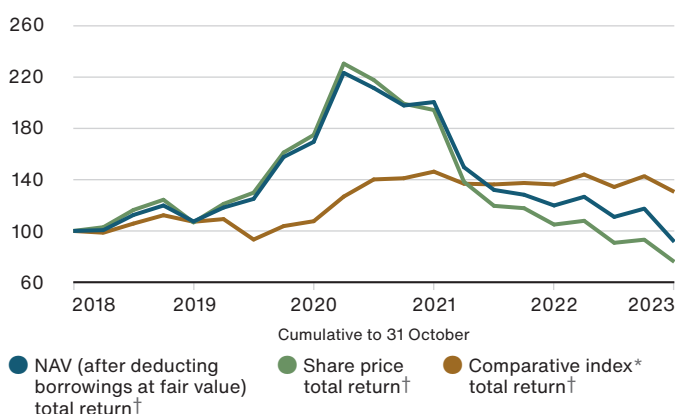
† S&P Global Small Cap Index (in sterling terms). Weightings exclude industries where the Company has no exposure. See disclaimer on page 124.

# Five year summary

The following charts indicate how Edinburgh Worldwide has performed relative to its comparative index\* and the relationship between share price and net asset value over the five year period to 31 October 2023.

## Five year total return performance† share price, net asset value and index\*

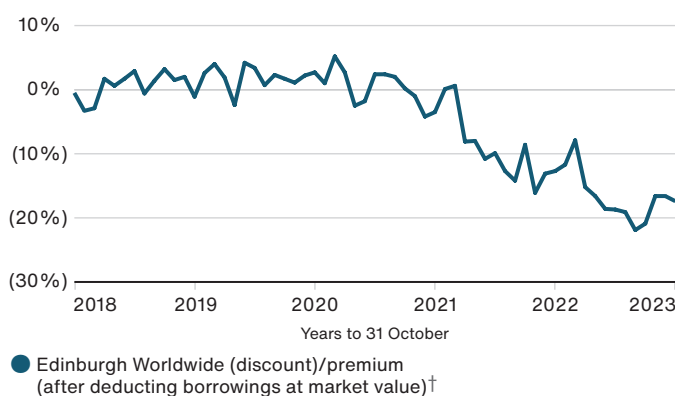
(figures rebased to 100 at 31 October 2018)



Source: LSEG and relevant underlying index providers#.

## (Discount)/premium to net asset value

(plotted on a monthly basis)



Source: Baillie Gifford/LSEG.

The (discount)/premium is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (after deducting borrowings at fair value).

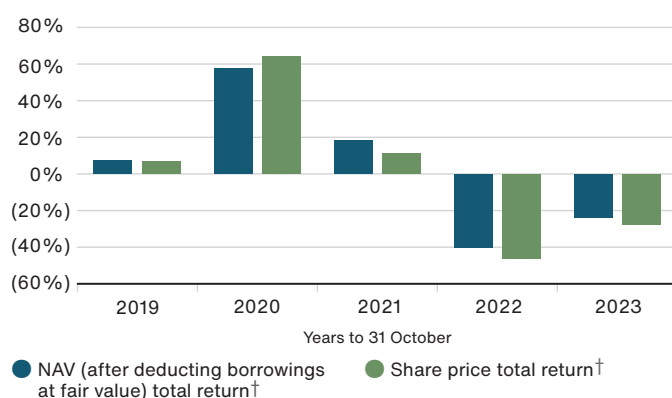
\* The comparative index is the S&P Global Small Cap Index total return (in sterling terms).

† Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

# See disclaimer on page 124.

Past performance is not a guide to future performance.

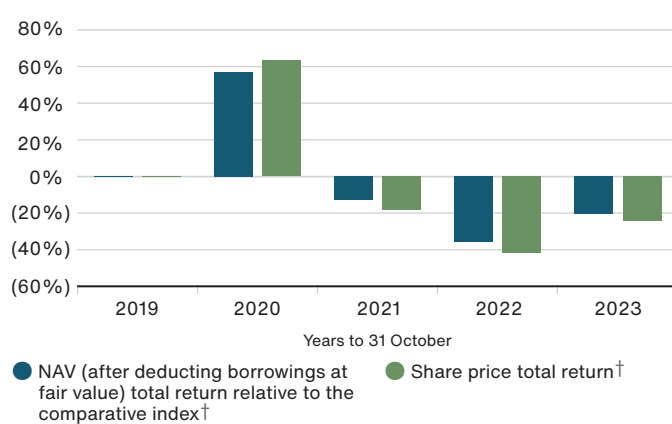
### Annual net asset value and share price total returns†



Source: Baillie Gifford/LSEG.

### Relative annual net asset value and share price total returns†

(relative to the comparative index total return)



Source: Baillie Gifford/LSEG and relevant underlying index providers#.

† Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

# See disclaimer on page 124.

Past performance is not a guide to future performance.

# Ten year record

## Capital

At 31 October	Total assets * £'000	Borrowings £'000	Shareholders' funds * £'000	NAV per share (fair) * p	NAV per share (book) * p	Share price p	Premium/ (discount) (fair) * %	Premium/ (discount) (book) * %
2013	241,969	(29,823)	212,146	86.46	86.58	81.00	(6.3)	(6.4)
2014	237,224	(30,862)	206,362	84.12	84.22	77.00	(8.5)	(8.6)
2015	258,155	(30,799)	227,356	92.55	92.79	87.60	(5.3)	(5.6)
2016	305,520	(36,908)	268,612	109.23	109.63	96.60	(11.6)	(11.9)
2017	387,863	(35,024)	352,839	143.78	144.00	138.10	(3.9)	(4.1)
2018	521,102	(48,628)	472,474	165.14	165.16	164.40	(0.5)	(0.5)
2019	585,314	(48,596)	536,718	177.37	177.37	175.40	(1.1)	(1.1)
2020	1,040,462	(48,728)	991,734	279.90	279.90	287.50	2.7	2.7
2021	1,407,507	(66,153)	1,341,355	331.03	331.03	319.50	(3.5)	(3.5)
2022	879,393	(103,827)	775,566	197.70	197.70	172.60	(12.7)	(12.7)
<b>2023</b>	<b>687,986</b>	<b>(103,249)</b>	<b>584,737</b>	<b>151.06</b>	<b>151.06</b>	<b>124.80</b>	<b>(17.4)</b>	<b>(17.4)</b>

## Revenue

## Gearing ratios

Year to 31 October	Income £'000	Net return after tax £'000	Revenue earnings per ordinary share † p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges * %	Gearing * %	Potential gearing * %
2013	1,987	823	0.34	0.40	0.99	8	14
2014	1,186	68	0.03	0.40	0.92	10	15
2015	1,106	(90)	(0.04)	Nil	0.93	10	14
2016	1,178	(61)	(0.02)	Nil	0.92	9	14
2017	1,268	149	0.06	Nil	0.87	9	10
2018	1,270	(497)	(0.19)	Nil	0.81	5	10
2019	1,229	(684)	(0.23)	Nil	0.75	7	9
2020	773	(1,479)	(0.46)	Nil	0.72	1	5
2021	827	(2,422)	(0.62)	Nil	0.66	2	5
2022	986	(1,976)	(0.49)	Nil	0.63	12	13
<b>2023</b>	<b>1,077</b>	<b>(2,527)</b>	<b>(0.65)</b>	<b>Nil</b>	<b>0.70</b>	<b>14</b>	<b>18</b>

\* For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

† The calculation of earnings per ordinary share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares (excluding treasury shares) (see note 07 on page 103).

Past performance is not a guide to future performance.



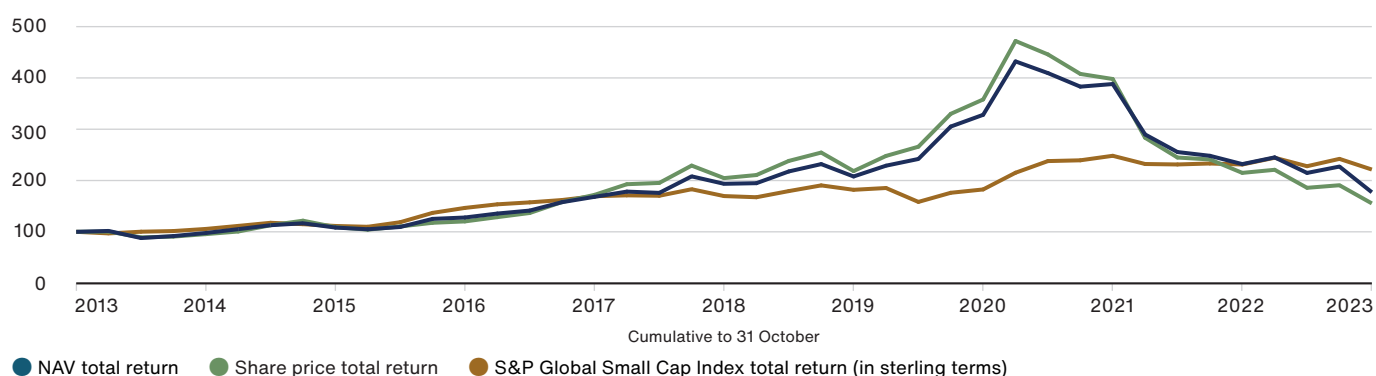
### Cumulative performance (taking 2013 as 100)

At 31 October	Net asset value per share (fair) *	Net asset value total return (fair) *	Comparative index †#	Comparative index total return *#	Share price	Share price total return *†	Retail price index †
2013	100	100	100	100	100	100	100
2014	97	98	101	103	95	96	102
2015	107	108	105	109	108	109	103
2016	126	127	135	143	119	120	105
2017	166	168	153	165	170	172	109
2018	191	193	150	166	203	205	113
2019	205	207	158	177	217	218	115
2020	324	326	156	178	355	358	117
2021	383	386	208	242	394	398	124
2022	229	230	190	226	213	215	141
<b>2023</b>	<b>175</b>	<b>176</b>	<b>178</b>	<b>216</b>	<b>154</b>	<b>155</b>	<b>150</b>

### Compound annual returns (%)

5 year	(1.8%)	(1.8%)	3.4%	5.5%	(5.4%)	(5.4%)	5.8%
10 year	5.7%	5.8%	5.9%	8.0%	4.9%	4.5%	4.1%

### Ten year total return performance\*



Source: LSEG and underlying data providers. See disclaimer on page 124.

All figures are total return (see Glossary of terms and Alternative Performance Measures on pages 130 to 132).

\* For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 130 to 132.

† Source: LSEG and relevant underlying index providers. See disclaimer on page 124.

# MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Global Small Cap Index (in sterling terms). The index data has been chain linked to form one comparative index figure.

All per share figures have been restated for the five for one share split on 28 January 2019.

Past performance is not a guide to future performance.

# Baillie Gifford statement on stewardship

**Baillie Gifford's overarching ethos is that we are 'Actual' investors. That means we seek to invest for the long term. Our role as an engaged owner is core to our mission to be effective stewards for our clients. As an active manager, we invest in companies at different stages of their evolution across many industries and geographies, and focus on their unique circumstances and opportunities. Our approach favours a small number of simple principles rather than overly prescriptive policies. This helps shape our interactions with holdings and ensures our investment teams have the freedom and retain the responsibility to act in clients' best interests.**

## **Long-term value creation**

We believe that companies that are run for the long term are more likely to be better investments over our clients' time horizons. We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. We know events will not always run according to plan. In these instances we expect management to act deliberately and to provide appropriate transparency. We think helping management to resist short-term demands from shareholders often protects returns. We regard it as our responsibility to encourage holdings away from destructive financial engineering towards activities that create genuine value over the long run. Our value will often be in supporting management when others don't.

## **Governance fit for purpose**

Corporate governance is a combination of structures and behaviours; a careful balance between systems, processes and people. Good governance is the essential foundation for long-term company success. We firmly believe that there is no single governance model that delivers the best long-term outcomes. We therefore strive to push back against one-dimensional global governance principles in favour of a deep understanding of each company we invest in. We look, very simply, for structures, people and processes which we think can maximise the likelihood of long-term success. We expect to trust the boards and management teams of the companies we select, but demand accountability if that trust is broken.

## **Alignment in vision and practice**

Alignment is at the heart of our stewardship approach. We seek the fair and equitable treatment of all shareholders alongside the interests of management. While assessing alignment with management often comes down to intangible factors and an understanding built over time, we look for clear evidence of alignment in everything from capital allocation decisions in moments of stress to the details of executive remuneration plans and committed share ownership. We expect companies to deepen alignment with us, rather than weaken it, where the opportunity presents itself.

## **Sustainable business practices**

A company's ability to grow and generate value for our clients relies on a network of interdependencies between the company and the economy, society and environment in which it operates. We expect holdings to consider how their actions impact and rely on these relationships. We believe long-term success depends on maintaining a social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. Material factors should be addressed at the board level as appropriate.

# Environmental, social and governance engagement

The Company has given discretionary voting powers to Baillie Gifford. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The Managers' Statement of Compliance with the UK Stewardship Code can be found on the Managers' website: **baillieghifford.com**. The Managers' policy has been reviewed and endorsed by the Board. The Managers, Baillie Gifford & Co, are signatories to the United Nations Principles for Responsible Investment.

By engaging with companies, the Managers seeks to build constructive relationships with them, to better inform our investment activities and, where necessary, effect change within our holdings, ultimately with the goal of achieving better returns for our shareholders. The table on page 39 shows the companies the Managers engaged with during the 12 months to 31 October 2023. The three examples on pages 40 and 41 demonstrate our stewardship approach through constructive ongoing engagement.



Engagements during the year to 31 October 2023	Environmental	Social	Governance
AbCellera Biologics			●
Adaptimmune Therapeutics			●
Alnylam Pharmaceuticals			●
C4X Discovery			●
Cellectis			●
Ceres Power Holding			●
Chegg		●	●
Exact Sciences			●
Fiverr			●
Iluka	●		
IPG Photonics			●
ITM Power			●
Jfrog			●
Kingdee International Software			●
M3		●	●
MarketAxess	●	●	●
MP Materials	●	●	●
NuCana			●
Pacira BioSciences			●
Schrödinger	●		●
STAAR Surgical			●
TransMedics			●
Twist Bioscience			●
Xero			●
Zai Lab HK Line			●
Zuora			●

## TransMedics

TransMedics is a commercial-stage medical technology company that transforms organ transplant therapy for end-stage organ failure patients. We engaged twice with the business in the first quarter of 2023.

Before the 2023 AGM, we contacted the company for additional information regarding non-executive director pay and to understand the rationale for a time-based long-term incentive plan. In addition, we noted concerns with the short-term vesting schedule within the long-term incentive plan, where options begin vesting one month following the grant. We encouraged lengthening the vesting period.

Later, we had a video call with Jim Tobin, board chair, Stephen Gordon, CFO, and Susan Goodman, Vice President of HR, as part of the company's corporate governance roadshow. We saw this as an opportunity to understand better how the company thinks about executive and non-executive compensation and provide feedback on where we believe the approach could be improved to align with what we consider best practice.

During the call, they explained that the company is transitioning from a developmental to a commercial phase. With that transition, they believe the corporate governance and compensation approach will have to evolve. We have observed similar evolutions with other initially immature businesses in which we have invested. They appeared receptive to our feedback and open to continuing discussions to collaborate on certain governance matters.

## Kingdee International Software

Kingdee is a Chinese Enterprise Resource Planning software business that has historically predominantly served the growing small and medium business (SMB) segment. We engaged with the company in early 2023 to establish an initial ESG connection and better understand its policies in this area.

We met with the person in charge of corporate ESG execution and were pleased by this initial introduction. The conversation increased our conviction that Kingdee has a good approach to ESG management, for example, implementing solid data privacy risk mitigation measures. Also, we learnt more about the company's outlook for cloud services in China. Management believes that the government will increase the stringency of regulation to encourage enterprises to upload more data to the cloud. Utilising cloud storage for business-critical data will become a habit for Chinese companies. This should translate into a meaningful opportunity for Kingdee. With a solid data security framework and client-oriented service teams, Kingdee is confident in its ability to execute against this.

Overall, learning about the potential opportunity ahead of Kingdee was positive. Meanwhile, we look forward to continuing the conversation, deepening our understanding and possibly influencing the business's ESG policies.

## ITM Power

ITM Power designs manufactures and sells polymer-electrolyte membrane (PEM) electrolyzers used to create green hydrogen for energy production.

We met with the company in late 2022 to discuss proposed changes to its long-term incentive plan. This was prompted by a letter from the remuneration committee chairwoman regarding proposed changes and a request for feedback. We wanted to understand the reason for the proposed changes in metrics weightings and encourage improvements to the ESG component.

During the call, Katherine Roe, the remuneration committee chair, and Martin Green, the audit committee chair, explained that the change was due to an evolution of pay and a recognition that share price alone is not an accurate reflection of corporate performance. To reflect an increased focus on revenue growth, which historically Management has been unable to drive as quickly as hoped, it has increased the weighting on revenue and removed the gross margin metric. We raised whether removing profitability (e.g. gross margin) was correct, given that profitability should remain a long-term focus.

We also discussed the introduction of an ESG performance metric into the long-term incentive plan. Management is proposing a target of achieving an MSCI ESG rating of AAA. ITM has been AA-rated for the last two years, so we queried the stretch of this target. We also questioned the reason for selecting a third-party rating provider as the measure of good ESG performance. They explained that this was chosen to allow for an 'objective' and quantifiable metric. We encouraged them to move away from third-party rating service providers, consider how ITM can make a difference, and then think about setting meaningful, quantifiable targets relevant to their business and broader ESG strategy.

The discussion was informative in our understanding of the long-term incentive plan and the rationale for changes. We hope our feedback has been taken on board and hope to continue the dialogue.

# Baillie Gifford proxy voting

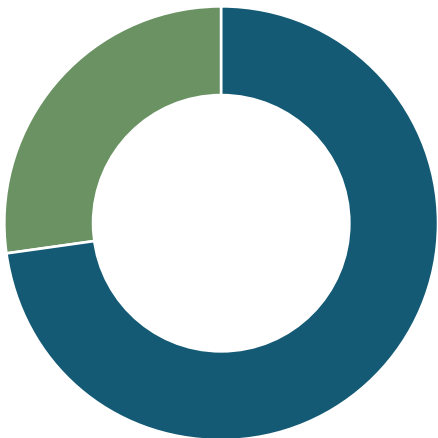
We believe that ‘active ownership’ of our clients’ holdings is as important as selecting the right investments in the first instance. These guidelines are aligned with our stewardship principles and describe our approach to proxy voting and company engagement, the key levers of active ownership, often described as ‘stewardship’.

While these guidelines are intended to provide an insight into how we approach voting on our clients’ behalf, it is important to note that we assess every company individually. In voting, we will always evaluate proposals on a case-by-case basis, based on what we believe to be in the best long-term interests of our clients, rather than rigidly applying a policy.

A broad cross section of our investment staff are involved in our ongoing work on stewardship. In the same way that our investment approach is based around empowered and independent teams, our voting and engagement is led by the individual investment teams. In keeping with our decentralised and autonomous culture, our investment teams will, on occasion, elect to vote differently on the same general meeting resolutions. Where this happens, we report accordingly in the proxy voting disclosure on our website. We also have clear processes in place to identify, prevent and manage potential proxy voting related conflicts of interest to ensure that in all cases the firm acts in the clients’ best interest. Baillie Gifford’s firm-wide conflict of interest disclosure is available on our website.

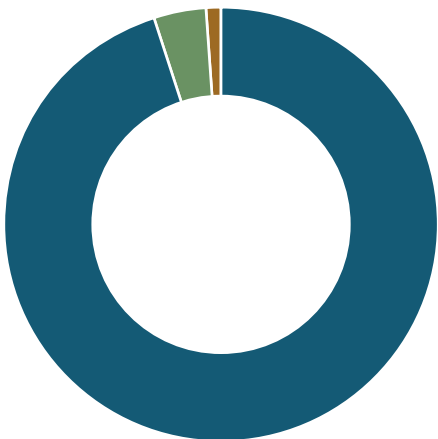
Prior to taking any voting action, we usually address specific ESG concerns by engaging directly with the company, using voting as an escalation mechanism if we have not seen sufficient progress.

## Company meeting record



● Number of meetings voted with management	73
● Number of meetings with at least one against, withhold or abstain	27

## Voting distribution



● Number of votes for	95
● Number of votes against	4
● Number of votes abstain/withhold	1





# Business review

## Business model

### Business and status

Edinburgh Worldwide Investment Trust plc ('the Company') is a public company limited by shares and incorporated in Scotland. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund for the purposes of the UK Alternative Investment Fund Managers Regulations.

### Purpose

The Edinburgh Worldwide Investment Trust aims for long term capital growth from a global portfolio of initially immature entrepreneurial companies, typically with a market capitalisation or valuation of less than US\$5 billion at time of initial investment, which are believed to offer long term growth potential.

### Objective and policy

Edinburgh Worldwide's investment objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.

While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, normally over at least a five year horizon and which typically have a market capitalisation of less than US\$5 billion at the time of initial investment. The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.

In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:

- 75 to 125 companies;
- a minimum of 6 countries; and
- a minimum of 15 industries.

On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company's total assets will be invested in other listed investment companies. No more than 10% of the Company's total assets will be invested in other pooled vehicles, such as open ended funds.

Unlisted investments may be held. On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 25% of total assets. From time to time, fixed interest holdings or non equity investments, may be held on an opportunistic basis.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested when it is considered that investment grounds merit the Company taking a geared position. Gearing levels, and the extent of gearing, are discussed by the Board and Managers at every Board Meeting.

### **Culture and values**

In the context of an externally managed investment company with no employees, culture and values are expressed by the Company's Directors and the service providers with whom shareholders and other stakeholders interact, and through the relationships between the Board and those service providers, including the Managers. As noted in more detail in the section 172 statement on pages 54 to 56 the Board seeks to engage with its Managers and other service providers in a collaborative and collegiate manner, to provide clear and timely communication to the market and shareholders and to maintain the highest standards of business conduct.

### **Borrowings**

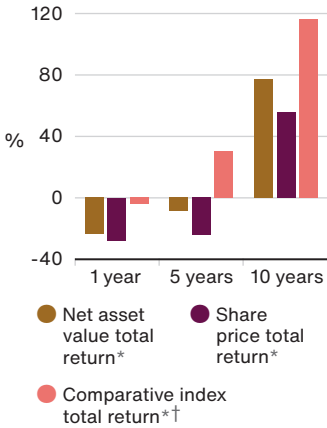
At 31 October 2023, the Company had a five year £100 million multi-currency revolving credit facility with The Royal Bank of Scotland International Limited with an expiry date of 9 June 2026 and a five year £36 million multi-currency revolving credit facility with National Australia Bank Limited with an expiry date of 30 September 2024. At 31 October 2023 the drawings were £30,437,000, US\$77,150,000 and €10,600,000 under the £100 million multi-currency revolving credit facility. At 31 October 2022 the drawings were £27,720,000, US\$77,150,000 and €10,600,000 under the £100 million multi-currency revolving credit facility. There were no drawings under the £36 million multi-currency revolving credit facility at 31 October 2023 or 31 October 2022 (see note 10 on page 107 for the sterling equivalent at each year end).

Key performance indicators

The Board uses key performance indicators (KPIs) to measure the progress and performance of the Company over time when discharging its duties as set out on page 70. These KPIs are established industry measures.

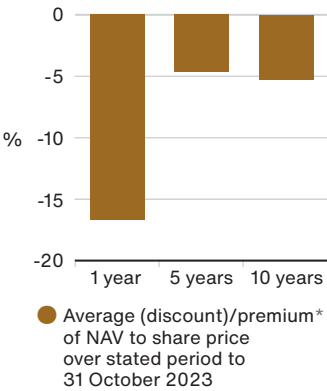
Share price, net asset value and comparative index† total returns\*

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.



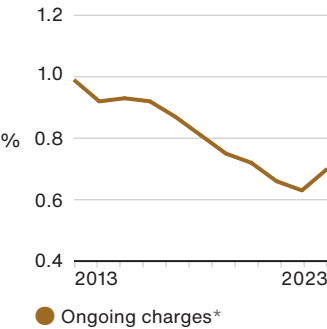
Share price premium/(discount)\*

As stock markets and share prices vary, an investment trust’s share price is rarely the same as its net asset value (NAV). When the share price is lower than the NAV per share it is said to be trading at a discount. If the share price is higher than the NAV per share, this situation is called a premium.



Ongoing charges\*

Ongoing charges are the total recurring expenses (excluding the Company’s cost of dealing in investments and borrowing costs) incurred by the Company as a percentage of the daily average net asset value.



The Board also has regard to the total return of the Company’s principal comparative index (S&P Global Small Cap Index total return (in sterling terms)) and considers the performance of comparable companies. Across these measures, the Board looks for relative outperformance over the long term, while remaining mindful that the nature of the investment policy and the growth characteristics of the portfolio investments may entail periods of underperformance over the short and medium term.

\* Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 130 to 132.  
† MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Global Small Cap total return (in sterling terms).  
Past performance is not a guide to future performance.



## Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, that the Directors assess the prospects of the Company over a defined period, the Directors have elected to do so over a period of five years. The Directors continue to believe this period to be appropriate as it is reflective of the longer term investment strategy of the Company, and to be a period during which, in the absence of any adverse change to the regulatory environment and to the favourable tax treatment afforded to UK investment trusts, they do not expect there to be any significant change to the current principal and emerging risks facing the Company nor to the adequacy of the mitigating controls in place. Furthermore, the Directors do not reasonably envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period.

In considering the viability of the Company, the Directors have conducted a robust assessment of each of the Company's principal and emerging risks and uncertainties as detailed on pages 47 to 52 and in particular the impact of market risk where a significant fall in the global equity markets would adversely impact the value of the Company's investment portfolio. The Directors have also considered the Company's leverage and liquidity in the context of the unsecured multi-currency revolving credit facilities which are due to expire in September 2024 and June 2026, the income and expenditure projections and the fact that the Company's investments comprise mainly readily realisable quoted equity securities which can be sold to meet funding requirements if necessary. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market volatility resulting from increasing geopolitical tensions. The stress testing did not indicate any matters of concern. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. In addition, all of the key operations required by the Company are outsourced to third party service providers and it is reasonably considered that alternative providers could be engaged, at relatively short notice where necessary.

Based on the Company's processes for monitoring operating costs, share price discount/premium, the Managers' compliance with the investment objective, asset allocation, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the continuing support of shareholders, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years as a minimum.

## Principal and emerging risks

As explained on page 74 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, regulatory compliance, solvency or liquidity. There have been some changes to the principal risks during the year reflecting the volatility of markets, economic conditions and heightened geopolitical tensions which have increased risk levels in some key areas. A description of these risks and how they are being managed or mitigated is set out on pages 48 to 52.



## Investment and strategic risks

### Investment strategy risk

#### What is the risk?

Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value.

#### How is it managed?

To mitigate this risk, the Board regularly reviews and monitors the Company's objective and investment policy and strategy, the investment portfolio and its absolute and relative performance, the level of discount/premium to net asset value at which the shares trade and movements in the share register and raises any matters of concern with the Managers.



#### Current assessment of risk

This risk is increasing as the market's appetite for growth stocks, typically held by the Company, has decreased during the recent period of heightened macroeconomic and geopolitical concern.

### Financial risk

#### What is the risk?

The Company's assets are listed and unlisted securities and its principal and emerging financial risks therefore include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 17 to the Financial Statements on pages 110 to 116.

#### How is it managed?

The Board has, in particular, considered the impact of heightened market volatility during recent months due to macroeconomic factors such as higher inflation and interest rates and geopolitical concerns. In order to oversee this risk, the Board considers at each meeting various metrics including the composition and diversification of the portfolio by geographies, sectors and capitalisation along with sales and purchases of investments. Individual investments are discussed with the portfolio manager together with general views on the various investment markets and sectors. A strategy meeting is held annually.



#### Current assessment of risk

This risk is increasing due to increased market volatility as a result of heightened macroeconomic and geopolitical concerns.

### Smaller company risk

#### What is the risk?

The Company has investments in smaller, immature companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions.

#### How is it managed?

To mitigate this risk, the Board reviews the investment portfolio at each meeting and discusses the merits and characteristics of individual investments with the Managers. A spread of risk is achieved by holding stocks classified across at least fifteen industries and six countries.



#### Current assessment of risk

Due to increased market volatility resulting from macroeconomic factors, share prices may be subject to greater volatility. Smaller companies have been more significantly affected by macro economic factors and market sentiment.



Increasing Risk



Decreasing Risk



No Change

## Private company (unlisted) investments risk

### What is the risk?

The Company's risk is increased by its investment in private company securities. These investments may be more difficult to buy or sell, assessment of their value is more subjective than for investments listed on a recognised stock exchange and their valuations may be perceived to be more volatile or out of date.

### How is it managed?

To mitigate this risk, the Board considers the private company securities in the context of the overall investment strategy and provides guidance to the Managers on the maximum exposure to unlisted investments. Valuations of private companies are carried out on a frequent basis by the manager and updated regularly for identified changes in operational developments or recent transactions in shares. The Board reviews the valuations in detail which are carried out by a third party valuation specialist, subject to the Managers' private company valuation specialist input and is also subject to external audit scrutiny annually.



### Current assessment of risk

Private company investment valuation risk increases in volatile markets and the more difficult fundraising environment and IPO conditions increase overall investment risk conditions for private companies.

## Discount risk

### What is the risk?

The discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company.

### How is it managed?

The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares or issue shares (including authority to sell shares held in treasury), when deemed by the Board to be in the best interests of the Company and its shareholders.



### Current assessment of risk

The Company's discount widened during the year. The Company has been buying back shares for treasury throughout the financial year 2023.

## Political and associated economic financial risk

### What is the risk?

The Board is of the view that political change in areas in which the Company invests or may invest may have practical consequences for the Company.

### How is it managed?

Political developments are closely monitored and considered by the Board. It monitors portfolio diversification by investee companies' primary location and considers the potential for negative impacts arising from military action, trade barriers or other political factors.



### Current assessment of risk

This risk is increasing as governments and consumers around the world continue to assess the impact of heightened geopolitical tensions and conflicts as well as volatile macroeconomic economic conditions.



Increasing Risk



Decreasing Risk



No Change

## Climate and governance risk

### What is the risk?

Perceived problems on environmental, social and governance ('ESG') matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Managers to identify ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price.

### How is it managed?

This is mitigated by the Managers' strong ESG stewardship and engagement policies integrated into the investment process which includes the risk inherent in climate change (see page 57), and discussed regularly by the Board with the Managers. Further details of the Managers' approach are set out on pages 36 and 37 and also on the Managers' website [baillieghifford.com/esg](https://baillieghifford.com/esg). The Directors have considered the impact of climate change on the Financial Statements of the Company and this is included in note 1a to the Financial Statements on page 98.



### Current assessment of risk

The Investment Manager continues to employ strong ESG stewardship and engagement policies.

## Regulatory risk

### What is the risk?

Failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. Changes to the regulatory environment could negatively impact the Company.

### How is it managed?

To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit and Management Engagement Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes, and procedures are in place to ensure adherence to the Transparency Directive with reference to inside information.



### Current assessment of risk

All control procedures are working effectively. There have been no material regulatory changes that have impacted the Company during the year.



Increasing Risk



Decreasing Risk



No Change

## Custody and depositary risk

### What is the risk?

Safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security.

### How is it managed?

To mitigate this risk, the Audit and Management Engagement Committee receives six monthly reports from the depositary confirming safe custody of the Company's assets held by the custodian. Cash and portfolio holdings are independently reconciled to the custodian's records by the Managers who also agree uncertificated unlisted portfolio holdings to confirmations from investee companies. In addition, the existence of assets is subject to annual external audit and the custodian's assured internal controls reports are reviewed by Baillie Gifford's business risk department and a summary of the key points is reported to the Audit and Management Engagement Committee and any concerns investigated.



### Current assessment of risk

All control procedures are working effectively.

## Operational risk

### What is the risk?

Failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets.

### How is it managed?

To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit and Management Engagement Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board and a summary of the key points is reported to the Audit and Management Engagement Committee and any concerns investigated. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.



### Current assessment of risk

All control procedures are working effectively.




Increasing Risk




Decreasing Risk



No Change

Leverage risk	<b>What is the risk?</b> The Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.	<b>How is it managed?</b> To mitigate this risk, all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. Details of the Company's current borrowing facilities and drawings can be found in note 10 on page 107. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 116 and in the Glossary of terms and Alternative Performance Measures on pages 130 to 132.		<b>Current assessment of risk</b> No significant change in risk level. The Company continues to deploy gearing and has two revolving credit facility loans in place which expire in 2024 and 2026.

Cyber security risk	<b>What is the risk?</b> A cyber-attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems.	<b>How is it managed?</b> To mitigate this risk, the Audit and Management Engagement Committee review Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit and Management Engagement Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.		<b>Current assessment of risk</b> This risk is seen as increasing due to recent indications that the continuation of geopolitical tensions could lead to cyber attacks. Emerging technologies, including AI, could potentially increase information security risks. In addition, service providers operate a hybrid approach of remote and office working, thereby increasing the potential of a cyber security threat.

Emerging risks	As explained on page 74 the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term.
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## Promoting the success of the Company (section 172 statement)

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to: a) the likely consequences of any decision in the long term, b) the interests of the company's employees, c) the need to foster the company's business relationships with suppliers, customers and others, d) the impact of the company's operations on the community and the environment, e) the desirability of the company maintaining a reputation for high standards of business conduct, and f) the need to act fairly as between members of the company.

In this context, having regard to the Company being an externally-managed investment company with no employees, the Board considers the Company's key stakeholders to be: its existing and potential new shareholders; its externally-appointed Managers and Secretaries (Baillie Gifford); other professional service providers (corporate broker, registrar, auditor and depositary); lenders; wider society and the environment.

The Board considers that the interests of the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements.

The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

Stakeholder	Why we engage	How we engage and what we do
Shareholders	Shareholders are, collectively, the Company's owners: providing them with a return for their investment in accordance with the Company's investment policy and objective is the reason for its existence.	The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. The Chair is available to meet with shareholders as appropriate. The Managers meet regularly with shareholders and their representatives, reporting their views back to the Board. Directors also attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.
Baillie Gifford – Managers and Secretaries	The Company's Board has delegated the management of the Company's portfolio, and the administration of the Company's operations including fulfilment of regulatory and taxation reporting requirements, to Baillie Gifford. Baillie Gifford is therefore responsible for the substantial activities of the Company and has the most immediate influence on its conduct towards the other stakeholders, subject to the oversight and strategic direction provided by the Board.	The Board seeks to engage with its Managers and Secretaries, and other service providers, in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.



Stakeholder	Why we engage	How we engage and what we do
Portfolio companies	As all of the Company's operations are conducted by third party professional providers, it is the companies held in its investment portfolio which have the primary real-world impact in terms of social and environmental change, both positively and negatively, as well as generating, through their commercial success, the investment growth sought by the Company's shareholders. The investee companies have an interest in understanding their shareholders' investment rationale in order to assure themselves that long-term business strategies will be supported.	The Board is cognisant of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders. The Board's review of the Managers includes an assessment of their ESG approach and its application in making investment decisions. The Board regularly reviews Governance Engagement reports, which document the Managers' interactions with investee companies on ESG matters (see pages 38 to 41).
Brokers	The Company's brokers provide an interface between the Company's Board and its institutional shareholders.	The Company's brokers regularly attend Board meetings, and provide reports to those meetings, in order to keep the Board apprised of shareholder and wider market sentiment regarding the Company. They also arrange forums for shareholders to meet the Chair, or other Directors, outwith the normal general meeting cycle.
Registrars	The Company's registrars provide an interface with those shareholders who hold the Company's shares directly.	The Company Secretaries liaise with the registrars to ensure the frequency and accuracy of communications to shareholders is appropriate, and monitor shareholder correspondence to ensure that the level of service provided by the registrars is acceptable. The Manager's risk function reviews the registrars' internal controls report and reports on the outcome of this review to the Audit and Management Engagement Committee.
Auditor	The Company's Auditor has a responsibility to provide an opinion on whether the Company's financial statements as a whole are free from material misstatement, as set out in more detail in the Auditor's Report to the Members on pages 87 to 93.	The Company's Auditor meets with the Audit and Management Engagement Committee, in the absence of the Managers where deemed necessary, and the Managers undertake to provide all information requested by the Auditor in connection with the Company's annual audit promptly and to ensure that it is complete and accurate in all respects.
Depository and Custodian	The depository and custodian are responsible for the safekeeping of the Company's financial instruments, as set out in more detail on page 66.	The Depository, the Board and Managers seek to engage with the depository and custodian in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.
Lenders	Lenders such as holders of debt instruments (debentures, bonds and private placement loan notes) and banks providing fixed or revolving credit facilities provide the Company's gearing and have an interest in the Company's ongoing financial health and viability.	The Company's legal advisers review all legal agreements in connection with the Company's debt arrangements and advise the Board on the appropriateness of the terms and covenants therein. The Managers and Secretaries ensure that the frequency and accuracy of reporting on, for example, covenant certification, is appropriate and that correspondence from the lenders receives a prompt response.
AIC/industry peers	The Association of Investment Companies ('AIC') and the Company's investment trust industry peers have an interest in the Company's conduct and performance, as adverse market sentiment towards one investment trust can affect attitudes towards the wider industry.	The Company is a member of the AIC, and the Directors and/or the Managers and Secretaries (as appropriate) participate in technical reviews, requests for feedback on proposed legislation or regulatory developments, corporate governance discussions and/or training.

Stakeholder	Why we engage	How we engage and what we do
Investment platforms	Investment platforms provide an interface with shareholders who invest in the Company indirectly.	The Managers liaise with the various investment platforms on strategies for improving communications with the Company's shareholders who hold their shares via these platforms. An annual timetable of key dates is published on the Company's website, for the ease of reference of such shareholders.
Wider society and the environment	No entity, corporate or otherwise, can exist without having an influence on the society in which it operates or utilising the planet's resources. Through its third-party relationships, as noted above, the Company seeks to be a positive influence and, in circumstances where that is not possible, to mitigate its negative impacts insofar as is possible.	The Board and Managers' interactions with the various stakeholders as noted above form the principal forms of direct engagement with wider society and in respect of the environment (commercial, financial, and in terms of planetary health and resources).

The Board recognises the importance of maintaining the interests of the Company and its stakeholders in aggregate, firmly front of mind in its key decision making and Baillie Gifford & Co Limited, the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which required the Directors to have regard to applicable section 172 factors included:

- as part of ongoing Board succession and refreshment, Ms Jane McCracken and Dr Mary Gunn were appointed to the Board on 1 November 2022 and 1 March 2023 respectively. These appointments are consistent with the AIC Corporate Governance Code principle that 'a successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society';
- the purchase of 5,190,382 of the Company's own shares into treasury at a discount to net asset value, for subsequent reissue, in order to ensure the Company's shareholders found liquidity for their shares when natural market demand was insufficient, and on terms that enhance net asset value for remaining shareholders; and
- between 1 November 2023 and 23 January 2024, the purchase of 1,960,933 shares, at a discount, enhancing net asset value for continuing shareholders.

## Employees, human rights and community issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues.

## Gender representation

At 31 October 2023, the Board comprises seven Directors, three male and four female. The Board's policy on diversity is set out on page 73.

## Environmental, social and governance policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 76 with more details of the Managers' approach to socially responsible investment set out under the Baillie Gifford statement on stewardship set out on pages 36 and 37.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at [baillieghifford.com](https://www.baillieghifford.com).

## Climate change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities. The Managers published the Company's first TCFD Report as of December 2022 which is available on the Company's website at **edinburghworldwide.co.uk**. This report is a means by which the portfolio's carbon footprint and exposure to climate risk are measured and reported. Companies disclosing their emissions and communicating emissions plans will be a helpful place from which to begin more useful discussions with management teams, industry experts and regulators. Although this can direct our efforts, the Managers believe that carbon footprint metrics in isolation are unhelpful and must be considered in the relevant context. More significant is the Managers pursuit of long term growth opportunities typically involves investment in entrepreneurial, disruptive and technology-driven businesses. These companies are often capital-light with a low carbon footprint. More information on climate change is available on the Company's website at **edinburghworldwide.co.uk**.

An external provider was engaged to map the carbon intensity of Edinburgh Worldwide's portfolio which is estimated to be 97.8% lower than the index (S&P Global Small Cap Index) and is based on the 68.4% of the value of the Company's portfolio which reports on carbon emissions and other carbon related characteristics.

The Managers, Baillie Gifford & Co, are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the Asian Corporate Governance Association and International Corporate Governance Network.

## Future developments of the Company

The outlook for the Company for the next 12 months is set out in the Chair's statement on page 13 and the Managers' review on page 18.

The Strategic report which includes pages 06 to 57 was approved by the Board of Directors and signed on its behalf on 25 January 2024.

Henry CT Strutt  
Chair



# Governance report

**This Governance report, which includes pages 59 to 85 outlines the Board's approach to the governance of your Company. We believe that good governance builds better outcomes and we are committed to high standards of corporate governance and transparency.**

# Directors and fund managers

## Directors



**Henry Strutt**

Chair

Appointed 2011

Henry Strutt was appointed Chair on 24 January 2017. He qualified as a Chartered Accountant in 1979, following which he spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East, specialising in fund management, corporate finance, and broking divisions. Currently, he is the Chair of Taylor Maritime Investments and a non-executive Director of New Waves Solutions Limited.

**Relevant skills and experience** – Henry has significant experience in investment banking, fund management and financial advisory sectors which provides a strong basis for assessing, and where appropriate challenging, the Manager, on the Company's performance, and in leading the Board in strategic discussions.



**Helen James**

Director

Appointed 2010

Helen James is the Senior Independent Director. She is Group Chief Operating Officer at Brunswick Group and previously CEO of Investis Digital, a leading digital corporate communications company. She was also previously Head of Pan-European Equity Sales at Paribas, having started her career at HSBC James Capel as an investment analyst.

**Relevant skills and experience** – Helen has extensive boardroom, investor and corporate communications experience which serves as a foundation for effective shareholder management, reputation management, investor relations and board effectiveness.



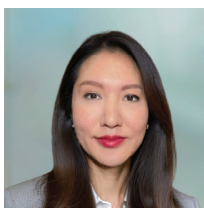
**Caroline Roxburgh**

Audit and  
Management  
Engagement  
Committee Chair

Appointed 2020

Caroline Roxburgh was appointed Chair of the Audit and Management Engagement Committee on 2 February 2022. She is a Chartered Accountant and was a partner at PricewaterhouseCoopers LLP until 2016. She is the senior independent director and chair of the audit committee of Montanaro European Smaller Companies Trust plc. She is also a non-executive director and is chair of the audit and risk committees of Edinburgh International Festival Society, The Royal Conservatoire of Scotland and VisitScotland.

**Relevant skills and experience** – Caroline’s extensive background as a senior Board advisor, Assurance Partner, and Chartered Accountant brings valuable expertise in business, finance, governance, and risk management to the Board. This enables her to effectively assess the Company’s viability, lead discussions on the risk management framework and risk appetite, contribute to the development of the Company’s strategy and to chair the Company’s Audit and Management Engagement Committee.




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**Mary Gunn**


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 Director

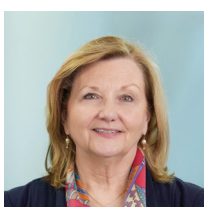
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 Appointed 2023
 

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Mary Gunn is a scientist, lawyer and a C-level executive in life science companies, including previously at Pfizer, Crucell, ICON Plc, and Health Decisions. She also served on the boards and advisories of Brown University, University of Edinburgh, Welwaze Medical, Modelis, Topia, Lumio, and SpotArt Foundation. She is currently an Independent Director of Burst Diagnostics and the President of RemRem LLC, a value creation advisory for investors, banks, and entrepreneurs in clinical research and life science.

**Relevant skills and experience** – Mary has vast experience in drug and business development and has acted in an advisory capacity for private equity transactions/due diligence. Mary's invaluable pharmaceutical sector insights help the Board to make informed decisions.




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**Jane McCracken**


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 Director

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 Appointed 2022
 

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Jane McCracken has spent her career working with high growth technology businesses based in the USA and UK as an entrepreneur, equity investor, board member and advisor. Her experience covers a variety of areas including enterprise software, e-commerce, fintech, digital health and clinical research. Most recently, she served as a Research Faculty member and Entrepreneur-in-Residence at the Georgia Institute of Technology in Atlanta, Georgia, USA and currently is the Chief Growth Officer for Corps Team LLC. She is also a non-executive director of Radyus Research LLC.

**Relevant skills and experience** – Jane specialises in scaling up venture-backed and public companies in healthcare technology, software, and e-commerce providing industry insights to the Board to help make informed decisions.



**Jonathan  
Simpson-Dent**

Director

Appointed 2020

Jonathan Simpson-Dent has spent the majority of his career running entrepreneurial Private Equity and listed mid-cap international growth businesses across multiple sectors. He currently chairs three Private Equity portfolio companies: Danx Carousel Group, Andwis Group and Easby Group. He has also previously worked at PricewaterhouseCoopers LLP, McKinsey & Company and PepsiCo. He is a Fellow of the Institute of Chartered Accountants.

**Relevant skills and experience** – Jonathan’s extensive experience in privately financed ventures with a strong focus on valuation coupled with his expertise in risk management frameworks enables him to provide a valuable contribution to the Board when assessing, monitoring and valuing the Company’s private company investments. In addition, his experience of corporate governance and chairing boards has helped to plan and support a smooth succession.



**Mungo Wilson**

Director

Appointed 2016

Mungo Wilson is Associate Professor of Finance at Saïd Business School, University of Oxford and a former solicitor. He is also an associate member of the Oxford Man Institute of Quantitative Finance. He is a non-executive director of Neo Risk Reap Asia Equity Fund Limited, Embedded Insurance Inc., and Carbon Insurance Inc.

**Relevant skills and experience** – Mungo has extensive experience in asset pricing, credit ratings and mutual funds which is invaluable when conducting rigorous investment analysis and investment performance evaluations of the Company.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee.



## Portfolio Managers



**Douglas Brodie**

Portfolio Manager

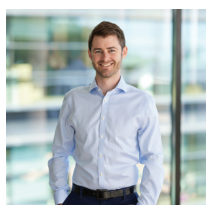
Douglas joined Baillie Gifford in 2001 and became a partner in 2015. He is head of the Discovery Team and has led the strategy since its inception. He graduated BSc in Molecular Biology and Biochemistry from the University of Durham in 1997 and attained a DPhil in Molecular Immunology from the University of Oxford in 2001.



**Svetlana Viteva**

Deputy Portfolio  
Manager

Svetlana joined Baillie Gifford in 2012. She is an investment manager in the Discovery Team. She is the lead manager for US Discovery Strategy. She graduated BA in Economics and BA in Business Administration from the American University in Bulgaria in 2008, MSc in Investment Analysis in 2009 and PhD in Accounting and Finance in 2012, both from the University of Stirling. She is a CFA Charterholder.



**Luke Ward**

Deputy Portfolio  
Manager

Luke joined Baillie Gifford in 2012. He is an investment manager in the Discovery Team. Luke is also an investment analyst for the Private Companies Team. He graduated MEng (Hons) in Mechanical Engineering from the University of Edinburgh in 2012.



# Directors' report

**The Directors present their report together with the Financial Statements of the Company for the year to 31 October 2023.**

## **Corporate governance**

The Corporate governance report is set out on pages 70 to 76 and forms part of this report.

## **Managers and Company Secretaries**

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve investment trusts. Baillie Gifford also manages a listed investment company and open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford totalled over £220.4 billion at 23 January 2024. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 57 partners and a staff of around 1,800.

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie Gifford, WS, which had been involved in investment management since 1908. Baillie Gifford & Co Limited and Baillie Gifford & Co are both authorised and regulated by the Financial Conduct Authority.

The Investment Management Agreement between the AIFM and the Company sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than three months' notice. Compensation fees would only be payable in respect of the notice period if termination by the Company were to occur within a shorter notice period.



The annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly. The Board is of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence on performance.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted by the Audit and Management Engagement Committee annually. The Committee considered the following topics amongst others in its review:

- investment process;
- investment performance;
- the quality of the personnel assigned to handle the Company's affairs;
- developments at the Managers, including staff turnover;
- the administrative services provided by the Secretaries;
- share price and discount; and
- charges and fees.

Following the most recent review the Audit and Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and Secretaries, the delegation of the investment management services to Baillie Gifford & Co and the further sub-delegation of dealing activity and transaction reporting to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited, on the terms agreed, is in the interests of the Company and the shareholders as a whole. This was subsequently approved by the Board.

## Depository

In accordance with the Alternative Investment Fund Managers Directive, the AIFM must appoint a Depository to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depository.

The Depository's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited (the 'Custodian').

## Directors

Information about the Directors including their relevant experience can be found on pages 59 to 62.

All of the Directors are retiring at the Annual General Meeting and, with the exception of Henry Strutt who will be standing down from the Board at the conclusion of the Annual General Meeting, all other Directors are offering themselves for re-election.

Following formal performance evaluation, the Board concluded that the performance of each of the Directors continues to be effective and that they remain committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

The Board also considers that Henry Strutt and Helen James remain independent having served on the Board for more than nine years, as explained on page 72.

## Directors' indemnity and insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year to 31 October 2023 and up to the date of approval of this report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

## Conflicts of interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year.

Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

## Dividends

The Company's objective is that of generating capital growth. Consequently, the Managers do not invest in companies based on the level of income they may payout as dividends.

As highlighted previously, the Board does not intend to draw on the Company's revenue reserve to pay or maintain dividends. This year the net revenue return per share was a deficit of £2,527,000. There is no requirement under section 1158 of the Corporation Tax Act 2010 to pay a dividend as the net revenue return is below the level which would trigger the requirement to pay a dividend hence the Board is recommending that no final dividend be paid. Should the level of underlying income increase in future years, the Board will seek to distribute the minimum permissible to maintain investment trust status by way of a final dividend.

## Share capital

### Capital structure

The Company's capital structure (excluding treasury shares) as at 31 October 2023 consists of 387,094,641 ordinary shares of 1p each (2022 – 392,285,023 ordinary shares of 1p each), see note 11. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Following a five for one share split on 28 January 2019, each ordinary share of 5p was replaced with five new ordinary shares of 1p each.

### Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas any proposed final dividend is subject to shareholder approval.

### Capital entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

### Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

## Major interests disclosed in the Company's shares

Name	Ordinary 1p shares held at 31 October 2023	% of issue
Saba Capital Management L.P. (indirect)	41,843,575	9.8
Saba Capital Management L.P. (direct)	626,524	0.2
JP Morgan Securities plc (direct)	19,718,124	5.1

In the period from 31 October 2023 to 23 January 2024, the Company was notified that Saba Capital Management L.P. held 42,470,099 shares (626,524 direct and 41,843,575 indirect) (11.0% of shares in issue as at 23 January 2024). Jefferies Financial Group Inc held 19,057,534 shares (498,323 direct and 18,559,211 indirect) (4.90% of shares in issue as at 23 January 2024). The JP Morgan Securities plc holding had fallen below the minimum notification threshold. There have been no other changes to the major interests in the Company's shares intimated up to 23 January 2024.

### Analysis of shareholders at 31 October

	2023 Number of shares held	2023 %	2022 Number of shares held	2022 %
Institutions	34,365,190	8.9	41,260,591	10.5
Intermediaries	294,104,419	76.0	328,816,335	83.8
Individuals	14,434,384	3.7	15,099,313	3.9
Marketmakers	44,190,648	11.4	7,108,784	1.8
	<b>387,094,641</b>	<b>100.0</b>	<b>392,285,023</b>	<b>100.0</b>

## Annual General Meeting

The details of the next AGM, including the proposed resolutions and information on the deadlines for proxy appointments, can be found on pages 118 to 122. Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy. If you hold shares through a share platform or other nominee, the Board would encourage you to contact these organisations directly as soon as possible to arrange for you to vote at the AGM. The resolutions relating to the renewal of the Directors' authorities to issue and buy back shares are explained in more detail below.

### Issuance of shares

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to issue shares, up to £1,290,529.81, being approximately 33% of the nominal value of the Company's issued ordinary share capital as at 19 January 2023, and also an authority to issue

shares or sell shares held in treasury for cash on a non pre-emptive basis, up to £391,069.64, representing approximately 10% of the nominal value of the issued share capital of the Company as at 19 January 2023 (without first offering such shares to existing shareholders pro-rata to their existing holdings).

During the year to 31 October 2023 no shares were issued by the Company.

Resolution 11 in the Notice of Annual General Meeting seeks a general authority for the Directors to issue ordinary shares up to an aggregate nominal amount of £1,270,941.24. This amount represents approximately 33% of the Company's total ordinary share capital in issue at 23 January 2024, being the latest practicable date prior to the publication of this document, and meets institutional guidelines. No issue of ordinary shares will be made pursuant to the authorisation in Resolution 11 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 12, which is being proposed as a special resolution, seeks to renew the Directors' authority to allot equity securities, or sell treasury shares, for cash without having to offer such shares to existing shareholders pro-rata to their existing holdings, up to a total nominal amount of £385,133.71, representing approximately 10% of the Company's total issued ordinary share capital as at 23 January 2024, being the latest practicable date prior to publication of this document.

The Directors consider that the authorities proposed to be granted by Resolutions 11 and 12 continue to be advantageous when the Company's shares trade at a premium to net asset value and the level of natural liquidity in the market is unable to meet demand. The Directors do not intend to use this authority to sell or issue ordinary shares on a non pre-emptive basis at a discount to net asset value. While the level of the authority being sought is greater than the 5% recommended by the Pre-Emption Group in their Statement of Principles on disapplying pre-emption rights, it is specifically recognised in the Statement of Principles that, where an investment trust is seeking authority to issue shares at a premium to the underlying net asset value per share, this should not normally raise concerns and the Directors consider the greater flexibility provided by this authority to be justified in the circumstances.

The authorities sought in Resolutions 11 and 12 will continue until the conclusion of the Annual General Meeting to be held in 2025 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Such authorities will only be used to issue shares or sell shares from treasury at a premium to net asset value and only when the Directors believe that it would be in the best interests of the Company to do so. The Directors believe that the ability to buy-back shares at a discount and re-sell them or issue new shares at a premium are useful tools in smoothing supply and demand.

20,619,987 shares were held in treasury as at 23 January 2024.

### **Market purchases of shares by the Company**

At the last Annual General Meeting the Company was granted authority to purchase up to 58,803,524 ordinary shares (equivalent to approximately 14.99% of the ordinary shares in issue (excluding treasury shares) as at 19 January 2023). This authority expires at the forthcoming Annual General Meeting. 5,190,382 shares were bought back during the year under review and 18,659,054 shares are held in treasury. Between 1 November 2023 and 23 January 2024 a further 1,960,933 shares were bought back.

Share buy-backs may be made principally:

- i. to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and
- ii. to address any imbalance between the supply of and the demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

The Company may hold bought back shares in treasury and then:

- i. sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or
- ii. cancel the shares (or any of them).

Shares will only be re-sold from treasury at a premium to net asset value per ordinary share.

Treasury shares do not receive distributions and the Company is not entitled to exercise voting rights attaching to them.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 57,731,542 ordinary shares in issue (excluding treasury shares) as at 23 January 2024, being the latest practicable date prior to the publication of this document (or, if less, the number representing approximately 14.99% of the Company's ordinary shares in issue (excluding treasury shares) at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2025.



In accordance with the Listing Rules, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of:

- i. 5% above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and
- ii. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out.

The minimum price (exclusive of expenses) that may be paid will be the nominal value of an ordinary share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting.

### **Recommendation**

The Directors consider each resolution being proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do where possible in respect of their own beneficial shareholdings.

### **Financial instruments**

The Company's financial instruments comprise its investment portfolio, cash balances, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 17 to the Financial Statements.

### **Articles of Association**

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

### **Disclosure of information to Auditor**

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### **Independent Auditor**

The Auditor, Ernst & Young LLP, is willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

### **Post Balance Sheet events**

The Directors confirm that there have been no post Balance Sheet events which require adjustment of, or disclosure in, the Financial Statements or notes thereto up to 23 January 2024.

### **Greenhouse Gas Emissions and Streamlined Energy and Carbon Report ('SECR')**

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013. For the same reasons as set out above, the Company is a low energy user under the SECR regulations and has no energy and carbon information to disclose.

### **Bribery Act**

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

### **Criminal Finances Act 2017**

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

On behalf of the Board  
Henry CT Strutt  
Chair  
25 January 2024

# Corporate governance report

**The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at [frc.org.uk](https://www.frc.org.uk), and the relevant principles of the Association of Investment Companies ('AIC Code') Code of Corporate Governance issued in 2019 were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at [theaic.co.uk](https://theaic.co.uk).**

## Compliance

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code.

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code with the exception that the Company does not have a separate internal audit function as explained on page 78. Given that the Company is an externally managed investment trust, the Board considers the provisions relating to the role of the chief executive and executive directors' remuneration are not relevant.

## The Board

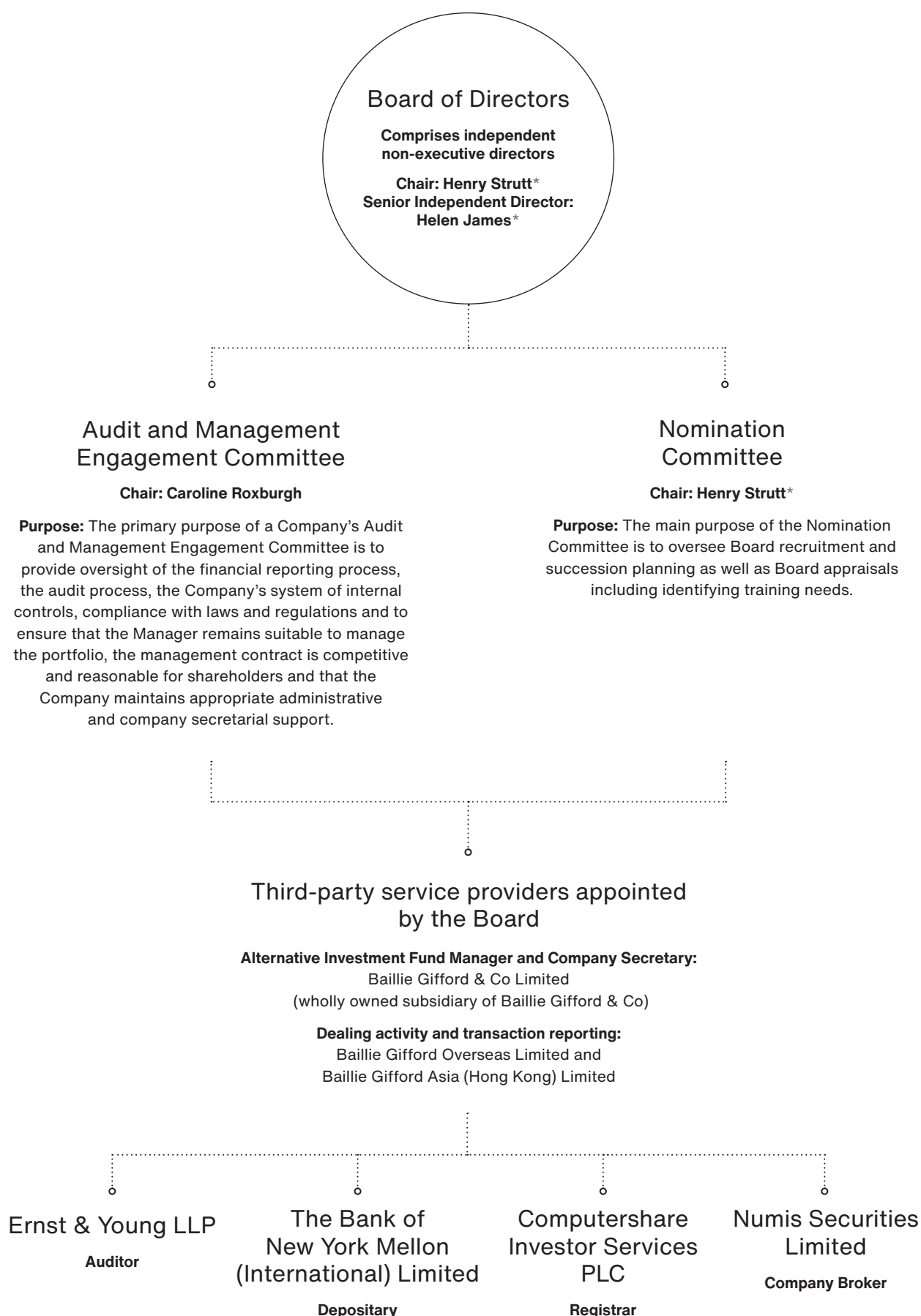
The Board has overall responsibility for the Company's affairs. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, borrowings, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. The Board also reviews the Financial Statements, investment transactions, revenue budgets and performance of the Company. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises seven Directors as at 31 October 2023 all of whom are non-executive.

Henry Strutt will not stand for re-election at the next AGM.

The Chair, Henry Strutt, is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The executive responsibilities for investment management have been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer. Helen James is the Senior Independent Director.



\* Henry Strutt will stand down from the Board at the conclusion of the 2024 AGM and Jonathan Simpson-Dent will become Chair. Helen James will also stand down as the Senior Independent Director at the conclusion of the 2024 AGM and Jane McCracken will become the Senior Independent Director.

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on pages 59 to 62.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense. No such advice was sought in the year to 31 October 2023 or 31 October 2022.

## Appointments to the Board

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to seek election by shareholders at the next Annual General Meeting. In accordance with the principals of the AIC Code all Directors will offer themselves for re-election annually.

The reasons why the Board supports the re-elections are set out on page 66.

Directors are not entitled to any termination payments in relation to their appointment.

## Chair and Directors' tenure

The Nomination Committee has considered the question of tenure for Directors and has concluded that there should not be a set maximum time limit for a Director or Chair to serve on the Board. The Nomination Committee keeps under review the balance of skills, knowledge, experience, performance and length of service of the Directors ensuring the Board has the appropriate combination of skills and Company knowledge and experience. This is balanced against the appointment of new Directors having fresh ideas and perspective.

## Independence of Directors

All of the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

Henry Strutt and Helen James have both served on the Board for more than nine years. All Directors offer themselves for re-election annually. Following formal performance evaluation the Board considers that Henry Strutt and Helen James continue to be independent in character and judgement and their skills and experience were a significant benefit to the Board.

## Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee Meetings held during the year, excluding ancillary and sub-committee meetings. The Annual General Meeting was attended by all the Directors in office as at 7 March 2023.

### Directors' attendance at meetings

	Board	Audit and Management Engagement Committee	Nomination Committee
<b>Number of meetings</b>	<b>4</b>	<b>2</b>	<b>1</b>
Henry Strutt	4	2	1
Mary Gunn*	3	1	1
Helen James	4	2	1
Caroline Roxburgh	4	2	1
Jonathan Simpson-Dent	4	2	1
Mungo Wilson	4	2	1

\* Appointed a Director on 1 March 2023.

## Nomination Committee

The Nomination Committee consists of the whole Board and the Chair of the Board is Chair of the Committee except when the Committee is dealing with the matter of succession to the Chairpersonship of the Company. The Committee meets on an annual basis and at such other times as may be required.

The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

The Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website:

[edinburghworldwide.co.uk](http://edinburghworldwide.co.uk).

## Board diversity

The Board recognises the benefits of diversity, and the Company's policy on diversity is referred to in the Strategic report. The Board's priority in appointing new Directors to the Board is to identify candidates with the best range of skills and experience to complement existing Directors. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins or disability in considering the appointment of its Directors. However, it is the Board's policy to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. Accordingly the Board does not consider it appropriate to set diversity targets.

## Board composition

In order to fulfil its obligations, the Board recognises the importance of having a range of skilled and experienced Directors, balancing the benefits of length of service and knowledge of the Company with the desirability of ensuring regular refreshment of the Board. The Board reviews its composition annually.

The following disclosures are provided in respect of the FCA Listing Rules targets that: i) 40% of a board should be women; ii) at least one senior role should be held by a woman; and iii) at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

As an externally managed investment company with no chief executive officer or chief financial officer, the roles which qualify as senior under FCA guidance are Chair and Senior Independent Director. The Board also considers Audit Committee Chair to represent a senior role within this context.

The Board currently complies in all respects with the FCA Listing Rules targets.

Gender	Number	%	Senior roles
Men	3	43	1
Women	4	57	2

Ethnic background	Number	%	Senior roles
White	6	86	3
Asian/Asian British	1	14	-

## Performance evaluation

An appraisal of the Chair, each Director and a performance evaluation and review of the Board as a whole and the Audit and Management Engagement Committee was carried out during the year. After considering and responding to an evaluation questionnaire each Director had an interview with the Chair. The Chair's appraisal was led by Helen James, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that the performance of each Director, the Chair, the Board and its Committees continues to be effective and that each Director and the Chair remain committed to the Company. For its appraisal during 2021, the Board secured the services of Lintstock Limited,



an independent corporate advisor which has no other relationship with the Company or its Directors, in accordance with the requirement for FTSE 350 companies to have Board evaluations externally facilitated every three years. External facilitation will next be considered for Board evaluations in 2024.

A review of the Chair's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chair's other commitments during the year.

## Induction and training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. During the year briefings on industry and regulatory matters were provided to the Board by the Managers and Secretaries. Directors receive other relevant training as necessary.

## Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' remuneration report on page 81.

## Audit and Management Engagement Committee

The report of the Audit and Management Engagement Committee is set out on pages 77 and 79.

## Internal controls and risk management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit and Management Engagement Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditor and a copy is submitted to the Audit and Management Engagement Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit and Management Engagement Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems which accord with the FRC guidance 'Guidance on Risk Management,

Internal Control and Related Financial and Business Reporting' and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this report.

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited act as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit and Management Engagement Committee and any concerns are investigated.

The Depositary provides the Audit and Management Engagement Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see note 19 on page 116), are monitored and the sensitivity of the

portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with any remedial measures being taken.

## Going concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is set out on pages 47 to 52 and contained in note 17 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility over recent months due to macroeconomic and geopolitical concerns, but does not believe the Company's going concern status is affected.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and secretaries, custodian and depositary, registrar, auditor and broker, are not experiencing significant operational difficulties affecting their respective services to the Company.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters set out in the Viability statement on page 47 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence until 31 January 2025, which is for a period of at least twelve months from the date of approval of these Financial Statements.

## Relations with shareholders

The Board places great importance on communication with shareholders. The Company's Managers communicate regularly with shareholders and their representatives and report shareholders' views to the Board. The Chair is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office or through the Company's broker Numis Securities Limited (see contact details on page 133).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published on the Company's page of the Managers' website [edinburghworldwide.co.uk](https://edinburghworldwide.co.uk) subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at [edinburghworldwide.co.uk](https://edinburghworldwide.co.uk).

## Corporate governance and stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board.

The Board believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors, including climate change, when selecting and retaining investments and has asked the Managers to take these issues into account as long as the investment objectives are not compromised. The Managers do not

exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at [bailliegifford.com](https://bailliegifford.com). The Managers' policy has been reviewed and endorsed by the Board. Baillie Gifford & Co Limited as the Company's Manager has considered the Sustainable Finance Disclosures Regulation ('SFDR') and further details can be found on page 128.

On behalf of the Board  
Henry CT Strutt  
Chair  
25 January 2024

# Audit and management engagement committee report

**The Audit and Management Engagement Committee consists of all current independent Directors. With reference to the guidance from the 2019 AIC Code of Corporate Governance it is considered appropriate for Henry Strutt, the Chair, to be a member of the Audit and Management Engagement Committee as he is a qualified chartered accountant and as such brings significant financial experience to the Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Caroline Roxburgh is Chair of the Committee.**

The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretaries and at [edinburghworldwide.co.uk](http://edinburghworldwide.co.uk). The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external Auditor without any representative of the Managers being present.

## Main activities of the Committee

The Committee met twice during the year, and the external Auditor, Ernst & Young LLP, attended both meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for the meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

- the preliminary results announcement and the Annual and Interim Reports;
- the Company's accounting policies and practices;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements and provide advice to the Board whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- appointment/reappointment, remuneration and terms of engagement of the external Auditor;

- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditor to supply non-audit services;
- the independence and objectivity of the external Auditor and the effectiveness of the external audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and Custodian;
- the terms of the Investment Management Agreement, as described on pages 65 and 66 and the continuing appointment of the Managers; and
- the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

### Internal audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company is therefore considered unnecessary.

### Financial reporting

The Committee considers that the most significant issue likely to affect the Financial Statements is the existence and valuation of investments as they represent 97.6% of total assets and the accuracy and completeness of income from investments.

### Unlisted investments

The Committee reviewed the Managers' valuation approach for investments in private companies (as described on page 19) and approved the value of all unlisted investments at 31 October 2023, following a detailed review of the valuation of each investment and relevant challenge where appropriate.

The Managers agreed the holdings in certificated form to confirmations from the Company's custodian and holdings of uncertificated unlisted investments were agreed to confirmations from the relevant investee companies.

### Listed investments

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments and the reconciliation of investment holdings to third party data.

The Managers agreed the prices of all the listed investments at 31 October 2023 to external price sources and the holdings were agreed to confirmations from the Company's Custodian or transfer agent.

### Other matters

The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year are reviewed by the Managers as they arise.

The Committee considered the factors, including increasing geopolitical tensions, that might affect the Company's viability over a period of five years and its ability to continue as a going concern until at least 31 January 2025, which is at least twelve months from the date of approval of these Financial Statements, together with reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of its investment portfolio, compliance with debt covenants, availability of borrowing facilities, and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 47 and statement on Going Concern on page 75. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.



The Auditor confirmed to the Committee that the investments at 31 October 2023 had been valued in accordance with the stated accounting policies. The value of all the listed investments had been agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's Custodian. The value of unlisted investments had been supported by valuation papers produced by the Manager's Private Companies Valuations Group and portfolio holdings agreed to confirmation of ownership obtained directly from the investee Company.

The Managers and Auditor confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

### **Internal controls and risk management**

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 74 and 75. No significant weaknesses were identified in the year under review.

### **External Auditor**

To fulfil its responsibility regarding the independence of the external Auditor, the Committee reviewed:

- the Auditor's audit plan for the current year which includes a report from the Auditor describing their arrangements to manage auditor independence and received confirmation of their independence; and
- the extent of non-audit services provided by the external Auditor. There were no non-audit fees in the year to 31 October 2023.

To assess the effectiveness of the external Auditor, the Committee reviewed and considered:

- the Auditor's fulfilment of the agreed audit plan;
- feedback from the Secretaries on the performance of the audit team; and
- the Audit Quality Inspection Report on Ernst & Young LLP issued by the FRC's Audit Quality Review team.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

- the Auditor's engagement letter;
- the Auditor's proposed audit strategy;
- the audit fee; and
- a report from the Auditor on the conclusion of the audit.

Ernst & Young LLP were appointed as the Company's Auditor at the Annual General Meeting held on 24 January 2017. The audit partner responsible for the audit is to be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. The year ending 31 October 2023 is the second year out of a maximum of five for the current audit partner, Ahmer Huda.

Ernst & Young LLP have confirmed that they believe they are independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review described above, the Committee is satisfied that the Auditor remains independent and effective for the purposes of this year's audit and, as such, has not considered it necessary to put the audit services contract out to tender.

There are no contractual obligations restricting the Committee's choice of Auditor.

### **Accountability and audit**

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 84 to 93.

On behalf of the Board  
 Caroline Roxburgh  
 Chair of the Audit and Management  
 Engagement Committee  
 25 January 2024

# Directors' remuneration report

**This report has been prepared in accordance with the requirements of the Companies Act 2006.**

## **Statement by the Chair**

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was last approved at the Annual General Meeting in March 2023 and no changes are proposed to the policy at the Annual General Meeting to be held in 2024.

The Board reviewed the level of fees during the year and following a review of the Directors' time commitment and the fees paid by comparable trusts it was agreed that, with effect from 1 November 2023, the Chair's fee would increase from £42,000 to £44,250, the Directors' fees would increase from £28,000 to £29,500. The additional fee for the Audit and Management Engagement Committee Chair and for the Senior Independent Director would increase to £6,500 and £1,500 respectively. The fees were last increased on 1 November 2022.

## Directors' remuneration policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time.

Baillie Gifford & Co Limited, the Company Secretaries, provide comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long term incentive schemes or pension schemes. There is no notice period and no compensation is payable on loss of office.

## Limits on Directors' remuneration

The fees for the non-executive Directors are payable monthly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £250,000 per annum in aggregate. Any change to this limit requires shareholder approval.

The basic and additional fees payable to Directors in respect of the year ended 31 October 2023 and the expected fees payable in respect of the year ending 31 October 2024 are set out in the table below.

The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for the year ending 31 October 2024 £	Fees for the year ending 31 October 2023 £
Chair's fee	44,250	42,000
Non-executive Director fee	29,500	28,000
Additional fee for Chair of the Audit and Management Engagement Committee	6,500	6,000
Additional fee for the Senior Independent Director	1,500	1,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	250,000	250,000

## Annual report on remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 87 to 93.

### Directors' remuneration for the year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2023 Fees £	2023 Taxable benefits * £	2023 Total £	2022 Fees £	2022 Taxable benefits * £	2022 Total £
Henry Strutt (Chair)	42,000	2,472	<b>44,472</b>	40,500	2,837	<b>43,337</b>
Caroline Roxburgh† (Audit and Management Engagement Committee Chair)	34,000	176	<b>34,176</b>	31,454	418	<b>31,872</b>
Mary Gunn#	18,667	32,833	<b>51,500</b>	-	-	-
Helen James	29,000	2,881	<b>31,881</b>	28,000	1,508	<b>29,508</b>
Jane McCracken‡	28,000	45,802	<b>73,802</b>	-	-	-
Jonathan Simpson-Dent	28,000	2,445	<b>30,445</b>	27,000	3,322	<b>30,322</b>
Mungo Wilson	28,000	2,041	<b>30,041</b>	27,000	3,521	<b>30,521</b>
Donald Cameron¶	9,871	92	<b>9,963</b>	28,546	-	<b>28,546</b>
	<b>217,538</b>	<b>88,742</b>	<b>306,280</b>	<b>182,500</b>	<b>11,606</b>	<b>194,106</b>

\* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings.

† Appointed as Audit and Management Engagement Committee Chair at the conclusion of the AGM held on 2 February 2022.

# Appointed a Director on 1 March 2023.

‡ Appointed a Director on 1 November 2022.

¶ Retired 7 March 2023.

### Annual percentage change in remuneration

This represents the annual percentage change in the entire remuneration paid to the Directors.

Name	% from 2022 to 2023	% from 2021 to 2022	% from 2020 to 2021
Henry Strutt (Chair)	2.6	18.7	(2.8)
Caroline Roxburgh (Audit and Management Engagement Committee Chair)	7.2	27.5	38.9
Mary Gunn*	-	-	-
Helen James	8.0	18.0	(2.1)
Jane McCracken†	-	-	-
Jonathan Simpson-Dent	0.4	21.3	38.9
Mungo Wilson	(1.5)	22.1	(2.9)

\* Appointed a Director on 1 March 2023.

† Appointed a Director on 1 November 2022.

## Directors' interests (audited)

The Directors are not required to hold shares in the Company. The Directors at the financial year end, and their interests in the Company, were as shown below. There have been no changes intimated in the Directors' interests up to 23 January 2023.

Name	Nature of interest	Ordinary shares held at 31 October 2023	Ordinary shares held at 31 October 2022
Henry Strutt	Beneficial	358,000	358,000
Mary Gunn*	Beneficial	–	–
Helen James	Beneficial	45,936	45,936
Jane McCracken	Beneficial	13,365	–
Caroline Roxburgh	Beneficial	28,812	20,488
Jonathan Simpson-Dent	Beneficial	91,966	72,966
Mungo Wilson	Beneficial	99,949	99,949

\* Mary Gunn purchased 5,610 ordinary shares on 23 November 2023.

## Statement of voting at Annual General Meeting

At the Annual General Meeting held on 7 March 2023, of the proxy votes received in respect of the Directors' Remuneration Policy, 98.3% were in favour, 1.0% were against and votes withheld were 0.7%. At the Annual General Meeting held on 7 March 2023, of the proxy votes received in respect of the Directors' Remuneration Report, 98.2% were in favour, 1.3% were against and votes withheld were 0.5%.

## Relative importance of spend on pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The Directors' remuneration for the year is set out above. There were no distributions to shareholders by way of dividend or share repurchases during the year (2022 – none).

## Directors' service details

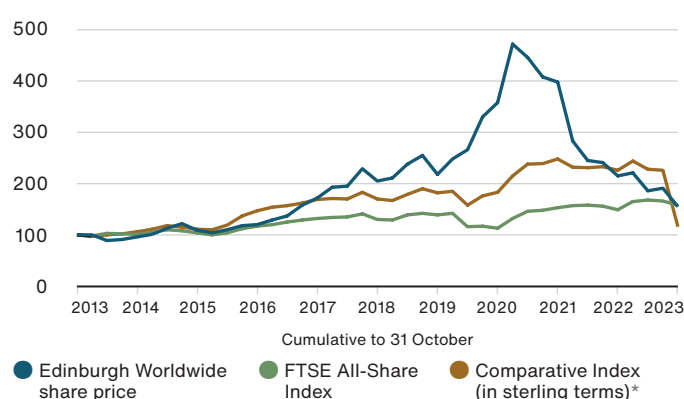
Name	Date of appointment	Due date for election/re-election
Henry Strutt	1 November 2011	Retiring, AGM in 2024
Mary Gunn	1 March 2023	AGM in 2024
Helen James	2 December 2010	AGM in 2024
Jane McCracken	1 November 2022	AGM in 2024
Caroline Roxburgh	1 February 2020	AGM in 2024
Jonathan Simpson-Dent	1 February 2020	AGM in 2024
Mungo Wilson	8 December 2016	AGM in 2024

## Company performance

The following graph compares, for the ten financial years ended 31 October 2023, the share price total return (assuming all dividends are reinvested) to Edinburgh Worldwide ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies. The Company's comparative index is provided for information purposes only.

## Performance graph

(figures rebased to 100 at 31 October 2013)



Source: Baillie Gifford/LSEG and relevant underlying index providers. See disclaimer on page 124.

All figures are total returns (see Glossary of terms and Alternative Performance Measures on pages 130 to 132).

\* MSCI All Countries World Index (in sterling terms) until 31 January 2014, thereafter the S&P Global Small Cap Index total return (in sterling terms). The comparative index data has been chain linked to form one comparative index figure. See disclaimer on page 124.

Past performance is not a guide to future performance.

## Approval

The Directors' Remuneration Report on pages 80 to 83 was approved by the Board of Directors and signed on its behalf on 25 January 2024.

Henry CT Strutt  
Chair



# Statement of Directors' responsibilities

## in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, a Directors' remuneration report and a Corporate governance statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The work carried out by the Auditor does not involve any consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Each of the Directors, who were in office at the date of approval of the Financial Statements whose names and functions are listed within the Directors and management section, confirm that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board  
Henry CT Strutt  
Chair  
25 January 2024

# Financial report

The Financial Statements for the year to 31 October 2023 are set out on pages 87 to 116 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

# Independent auditor's report

to the Members of Edinburgh Worldwide Investment Trust plc

## Opinion

We have audited the financial statements of Edinburgh Worldwide Investment Trust PLC for the year ended 31 October 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 October 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment. We considered whether the factors taken account of in the Directors' assessment addressed those matters which we considered important.
- Inspecting the Directors' assessment of going concern, including the revenue forecast, for the period to 31 January 2025 which is at least 12 months from the date the financial statements were authorised for issue. The Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

- Reviewing the factors and assumptions as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Assessing the risk of breaching the debt covenants as a result of a reduction in the value of the Company’s portfolio. We calculated and reviewed the Company’s compliance with debt covenants as at year end, validated the inputs used to the underlying information and we performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Considering the mitigating factors that are within the control of the Company. We reviewed the Company’s assessment of the liquidity of investments held and evaluated the Company’s ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- Reviewing the Company’s going concern disclosures included in the annual report to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period to 31 January 2025 which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"><li>• Risk of incorrect valuation or ownership of the investment portfolio and the resultant impact on unrealised gains/(losses).</li><li>• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall materiality of £5.8m which represents 1% of shareholders’ funds.</li></ul>

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders have been increasingly interested as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company’s investments and the overall investment process. This is explained on page 53 in the principal and emerging risks section, which form part of the ‘Other information,’ rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially consistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company’s disclosures in the financial statements as set out in Note 1a and concluded that there was no further material impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS 102. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Incorrect valuation or ownership of the investment portfolio and the resultant impact on unrealised gains/(losses)</b> (as described on page 78 in the Report of the Audit Committee and as per the accounting policy set out on pages 99 and 100).</p> <p>The valuation of the investment portfolio at 31 October 2023 was £671.3m (2022 – £872.8m) consisting of quoted investments with an aggregate value of £491.24m (2022 – £696.13m) and unquoted investments with an aggregate value of £180.06m (2022 – £176.67m).</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>The fair value of quoted investments is determined by reference to bid value or the last traded price depending on the convention of the exchange on which the investment is quoted.</p> <p>Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations approved by the Baillie Gifford Fair Value Pricing Group. The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV').</p> <p>The valuation of the unquoted investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgment and estimation in the preparation of the financial statements and has been classified as an area of fraud risk.</p>	<p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of Baillie Gifford's processes and controls surrounding legal title and pricing of quoted and unquoted investments by performing walkthrough procedures in which we evaluated the design and implementation of controls.</p> <p>For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations at the year end.</p> <p>We reviewed the prices for all quoted investments in the portfolio to identify prices that have not changed within five business days of year end to verify whether the listed price is a valid fair value.</p> <p>Our testing did not identify any prices which had not changed within the 5 days.</p> <p>For the 14 unquoted investments held as at 31 October 2023 the audit team or our valuations specialists reviewed and challenged the valuations:</p> <ul style="list-style-type: none"> <li>Reviewed the valuation papers prepared by the Investment Manager's Private Companies Valuation Group and approved by the Fair Value Pricing Group to gain an understanding of, and assess the valuation methodologies and assumptions.</li> <li>Discussed the unquoted valuations with the Investment Manager's Private Companies Valuation Group to understand their valuation approach and to challenge certain areas of their approach, documentation and valuation conclusions;</li> <li>Assessed whether the valuations have been performed in line with the valuation approaches as set out in UK GAAP and the International Private Equity and Venture capital ('IPEV') guidelines;</li> <li>Assessed the appropriateness of the data inputs including foreign exchange rates and challenged the assumptions used to support the valuations, where appropriate.</li> <li>Assessed other facts and circumstances, such as market movement and comparative Company information, that have an impact on the fair market value of the investments; and assessed whether managements valuation is reasonable.</li> </ul> <p>Where our testing identified instances where individual valuations were outside the expected range, we held further discussions with Baillie Gifford and the Audit Committee. In those discussions, we discussed market trends and the valuation process and requested further support for the valuation assumptions where appropriate.</p> <p>For all purchases of unquoted investments and a sample of quoted investments in the period, we obtained supporting documents from Baillie Gifford and have agreed these to the purchase cost per the accounting records and to the bank statements.</p> <p>We tested the unrealised gains/losses on investments as at the year end using the book-cost reconciliation.</p> <p>We compared the Company's investment holdings at 31 October 2023 to independent confirmations received directly from the Company's Depositary or from the investee Company.</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement</b> (per the Audit Committee report set out on page 80 and the accounting policy set out on page 105).</p> <p>The total revenue for the year to 31 October 2023 was £1.08m (2022 – £0.99m), consisting primarily of dividend income from quoted equity investments. Included in total revenue was revenue received from Special Dividends of £0.001m all of which were classified as revenue in nature.</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>The Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as ‘revenue’ or ‘capital’ in the Income Statement.</p>	<p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of Baillie Gifford’s processes and controls surrounding revenue recognition including the classification of special dividends by performing walkthrough procedures.</p> <p>For all dividends, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We agreed a sample to bank statements and, where applicable, we also agreed the exchange rates to an external source.</p> <p>To test completeness of recorded income, we verified that dividends had been recorded for each investee Company held during the year with reference to investee Company announcements obtained from an independent data vendor.</p> <p>For all dividends accrued at the year end, we reviewed the investee Company announcements to assess whether the dividend obligation arose prior to 31 October 2023. We agreed the dividend rate to corresponding announcements made by the investee Company, recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year-end bank statements.</p> <p>For all investments held during the year, we compared the type of dividends paid with reference to an external data source to identify those which were ‘special’. We confirmed 1 special dividend was received during the year which was classified as revenue. We tested the special dividend, by assessing the appropriateness of classification as revenue and capital by reviewing the underlying rationale of the distribution.</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.</p>

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £5.86 million (2022 – £7.76 million), which is 1% (2022 – 1%) of shareholders’ funds. We believe that shareholders’ funds provides us with a materiality aligned to the key measure of the Company’s performance.

## Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company’s overall control environment, our judgement was that performance materiality was 75% (2022 – 75%) of our planning materiality, namely £4.38m (2022 – £5.82m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.29m (2022 – £0.39m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 75;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 47;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 47;
- Directors' statement on fair, balanced and understandable set out on pages 84 and 85;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 74 and 75;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 47; and
- The section describing the work of the Audit Committee set out on pages 77 to 79.

## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 86, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, The Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks by through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incorrect valuation of the unquoted investments and the resulting impact on the unrealised gains/ (losses) and incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors by the manager with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Other matters we are required to address**

Following the recommendation from the Audit Committee, we were appointed by the Company on 24 January 2017 to audit the financial statements for the year ending 31 October 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ending 31 October 2017 to 31 October 2023.

The audit opinion is consistent with the additional report to the Audit Committee.

## **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ahmer Huda (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
London  
25 January 2024



# Income statement

## For the year ended 31 October

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains on investments	8	–	(174,925)	<b>(174,925)</b>	–	(528,279)	<b>(528,279)</b>
Currency gains/(losses)	12	–	2,802	<b>2,802</b>	–	(6,070)	<b>(6,070)</b>
Income	2	1,077	–	<b>1,077</b>	986	–	<b>986</b>
Investment management fee	3	(1,060)	(3,181)	<b>(4,241)</b>	(1,277)	(3,830)	<b>(5,107)</b>
Other administrative expenses	4	(915)	–	<b>(915)</b>	(953)	–	<b>(953)</b>
<b>Net return before finance costs and taxation</b>		<b>(898)</b>	<b>(175,304)</b>	<b>(176,202)</b>	<b>(1,244)</b>	<b>(538,179)</b>	<b>(539,423)</b>
Finance costs of borrowings	5	(1,578)	(4,735)	(6,313)	(675)	(2,026)	(2,701)
<b>Net return before taxation</b>		<b>(2,476)</b>	<b>(180,039)</b>	<b>(182,515)</b>	<b>(1,919)</b>	<b>(540,205)</b>	<b>(542,124)</b>
Tax on ordinary activities	6	(51)	–	(51)	(57)	–	(57)
<b>Net return after taxation</b>		<b>(2,527)</b>	<b>(180,039)</b>	<b>(182,566)</b>	<b>(1,976)</b>	<b>(540,205)</b>	<b>(542,181)</b>
<b>Net return per ordinary share</b>	7	<b>(0.65p)</b>	<b>(46.21p)</b>	<b>(46.86p)</b>	<b>(0.49p)</b>	<b>(134.82p)</b>	<b>(135.31p)</b>

The total column of this Statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in this Statement derive from continuing operations.

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return after taxation is both the (loss)/profit and total comprehensive (expense)/income for the year.

The accompanying notes on pages 98 to 116 are an integral part of the Financial Statements.

# Balance sheet

## As at 31 October

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	8		671,300		872,804
<b>Current assets</b>					
Debtors	9	324		4,882	
Cash and cash equivalents	17	19,146		11,131	
		19,470		16,013	
<b>Creditors</b>					
Amounts falling due within one year	10	(106,033)		(113,251)	
<b>Net current liabilities</b>			(86,563)		(97,238)
<b>Net assets</b>			<b>584,737</b>		<b>775,566</b>
<b>Capital and reserves</b>					
Share capital	11		4,058		4,058
Share premium account	12		499,723		499,723
Special reserve	12		35,220		35,220
Capital reserve	12		54,352		242,654
Revenue reserve	12		(8,616)		(6,089)
<b>Total shareholders' funds</b>			<b>584,737</b>		<b>775,566</b>
<b>Net asset value per ordinary share</b>	13		<b>151.06p</b>		<b>197.70p</b>

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board and were signed on 25 January 2024.

Henry CT Strutt  
Chair

# Statement of changes in equity

## For the year ended 31 October 2023

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2022		4,058	499,723	35,220	242,654	(6,089)	775,566
Ordinary shares bought back into treasury	11	–	–	–	(8,263)	–	(8,263)
Net return after taxation	12	–	–	–	(180,039)	(2,527)	(182,566)
<b>Shareholders' funds at 31 October 2023</b>		<b>4,058</b>	<b>499,723</b>	<b>35,220</b>	<b>54,352</b>	<b>(8,616)</b>	<b>584,737</b>

## For the year ended 31 October 2022

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2021		4,052	497,999	35,220	808,197	(4,113)	1,341,355
Ordinary shares issued	11	6	1,724	–	–	–	1,730
Ordinary shares bought back into treasury	11	–	–	–	(25,338)	–	(25,338)
Net return after taxation	12	–	–	–	(540,205)	(1,976)	(542,181)
<b>Shareholders' funds at 31 October 2022</b>		<b>4,058</b>	<b>499,723</b>	<b>35,220</b>	<b>242,654</b>	<b>(6,089)</b>	<b>775,566</b>

The accompanying notes on pages 98 to 116 are an integral part of the Financial Statements.

# Cash flow statement

## For the year ended 31 October

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Cash flows from operating activities</b>					
Net return before taxation			(182,515)		(542,124)
Net losses on investments			174,925		528,279
Currency (gains)/losses			(2,802)		6,070
Finance costs of borrowings			6,313		2,701
Overseas withholding tax incurred			(51)		(57)
Changes in debtors and creditors			(282)		(754)
<b>Cash from operations*</b>			(4,412)		(5,885)
Interest paid			(5,686)		(1,942)
<b>Net cash outflow from operating activities</b>			<b>(10,098)</b>		<b>(7,827)</b>
<b>Cash flows from investing activities</b>					
Acquisitions of investments		(73,803)		(138,189)	
Disposals of investments		98,261		115,592	
<b>Net cash inflow/(outflow) from investing activities</b>			<b>24,458</b>		<b>(22,597)</b>
<b>Cash flows from financing activities</b>					
Ordinary shares issued	11	–		1,730	
Ordinary shares bought back into treasury and stamp duty thereon	11	(8,567)		(24,906)	
Bank loans drawn down		402,717		335,346	
Bank loans repaid		(400,000)		(306,862)	
<b>Net cash (outflow)/inflow from financing activities</b>			<b>(5,850)</b>		<b>5,308</b>
<b>Increase/(decrease) in cash and cash equivalents</b>			<b>8,510</b>		<b>(25,116)</b>
Exchange movements			(495)		3,120
Cash and cash equivalents at 1 November			11,131		33,127
<b>Cash and cash equivalents at 31 October</b>			<b>19,146</b>		<b>11,131</b>

\* Cash from operations includes dividends received of £718,000 (2022 – £956,000) and interest received of £288,000 (2022 – £100,000).

# Notes to the Financial Statements

The Company was incorporated under the Companies Act 2006 in Scotland as a public limited company with registered number SC184775. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust.

## 01 Principal accounting policies

The Financial Statements for the year to 31 October 2023 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ('AIC') in November 2014 and updated in July 2022 with consequential amendments.

### a. Basis of accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value through profit or loss, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility and macroeconomic and geopolitical concerns, including rising inflation and interest rates but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act

2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on a going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters set out in the Viability Statement on page 47 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence until 31 January 2025, which is for a period of at least twelve months from the date of approval of these Financial Statements.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income statement.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 50 and have concluded that it does not have a material impact on the Company's investments. In line with FRS 102 investments are valued at fair value, being primarily quoted prices for investments in active markets at the balance sheet date, and therefore reflect market participants' view of climate change risk. Unlisted investments, valued by reference to comparable companies (see 1(e) below), similarly reflect market participants' view of climate change risk.

### b. Functional currency

The Directors consider the Company's functional and presentational currency to be sterling as the Company's share capital is denominated in sterling, the entity is listed on a sterling stock exchange in the UK, the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.



**c. Financial instruments**

Financial assets and financial liabilities are recognised in the Company's Balance sheet when it becomes a party to the contractual provisions of the instrument.

**d. Accounting estimates, assumptions and judgements**

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key source of estimation and uncertainty at the balance sheet date that could affect the carrying value of assets and liabilities in the next financial year pertains to the fair value of the unlisted investments.

**Judgements**

In accordance with the requirements of FRS102 s.8.6 the Directors have considered the key judgements involved in the preparation of the Financial Statements. The Directors key judgements were as follows:

- i. the determination of the functional currency of the Company as sterling (see rationale in 1(b) above); and
- ii. the fair valuation of the unlisted investments.

The key judgements in the fair valuation process are:

- i. the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Guidelines 2022 ('IPEV') to each unlisted investment; and
- ii. the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(e) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

**Estimates**

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates (including key sources of uncertainty in accordance with FRS102 s.8.7) involved in the selection of the valuation process inputs are:

- i. the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;
- ii. the selection of a revenue metric (either historical or forecast);
- iii. the application of an appropriate discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;
- iv. the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;
- v. the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and
- vi. the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in other price risk sensitivity in note 17 on pages 113 to 115 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

## Assumptions

The determination of fair value by the Managers involves key assumptions dependent upon the valuation technique used. As explained in 1(e) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. Where the Multiples approach is used the valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate calibration for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction.

The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include:

- i. the discount applied for reduced liquidity versus listed peers;
- ii. the exit being through either an IPO or a company sale; and
- iii. that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations. Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

## e. Investments

The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with sections 11 and 12 of FRS 102. Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the Income statement.

### Recognition and initial measurement

Purchases and sales of investments are accounted for on a trade date basis. Expenses incidental to purchase and sale are written off to capital at the time of acquisition or disposal. All investments are designated as valued at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

### Measurement and valuation

**Listed investments** – The fair value of listed security investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

**Unlisted investments** – unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment valuation policy applies techniques consistent with the IPEV Guidelines.

The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV Guidelines are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry valuation benchmarks; and
- Available market prices.

The nature of the unlisted portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various Multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The unlisted investments are valued according to a three monthly cycle of measurement dates from the date of purchase. The fair value of the unlisted investments will also be reviewed before the next scheduled three monthly measurement date on the following occasions:

- at the year end and half year end of the Company; and
- where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

### Gains and losses

Gains and losses on investments, including those arising from foreign currency exchange differences, are recognised in the Income statement as capital items. The Managers monitor the investment portfolio on a fair value basis and uses the fair value basis for investments in making investment decisions and monitoring financial performance.

**f. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

**g. Income**

- i. income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established;
- ii. if scrip dividends are taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue column of the Income statement. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital column of the Income statement;
- iii. special dividends are treated as capital or revenue depending on the facts of each particular case;
- iv. unfranked investment income and overseas dividends include the taxes deducted at source; and
- v. interest receivable on deposits is recognised on an accruals basis.

**h. Expenses**

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue column of the Income statement except:

- i. where they relate directly to the acquisition or disposal of an investment (transaction costs), in which case they are charged to the capital within gains/losses on investments; and
- ii. they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

The investment management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

**i. Borrowings and finance costs**

Any borrowings are carried in the Balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of borrowings are allocated 25% to the revenue account and 75% to the capital reserve. Gains and losses on the repurchase or early settlement of debt are wholly charged to capital.

**j. Deferred taxation**

Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated at the current tax rates expected to apply when its timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

**k. Foreign currencies**

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities in foreign currencies are translated at the closing rates of exchange at the Balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income statement and classified as a revenue or capital item as appropriate.

**l. Capital reserve**

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in this reserve. Purchases of the Company's own shares can also be funded from this reserve. 75% of management fees and finance costs are allocated to the capital reserve in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

**m. Single segment reporting**

The Company has only one material segment being that of an investment trust company, investing primarily in listed companies throughout the world.

## 02 Income

	2023 £'000	2022 £'000
<b>Income from investments</b>		
UK dividends	379	410
Overseas dividends	340	472
Overseas interest	70	4
<b>Other income</b>	789	886
Deposit interest	288	100
<b>Total income</b>	<b>1,077</b>	<b>986</b>
<b>Total income comprises:</b>		
Dividends from financial assets designated at fair value through profit or loss	719	882
Interest from financial assets designated at fair value through profit or loss	70	4
Interest from financial assets not at fair value through profit or loss	288	100
	<b>1,077</b>	<b>986</b>

## 03 Investment management fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Investment management fee	1,060	3,181	4,241	1,277	3,830	5,107

Details of the Investment Management Agreement are disclosed on page 66. The annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

## 04 Other administrative expenses

	2023 £'000	2022 £'000
General administrative expenses	231	289
Custody charges	170	145
Directors' fees (see Directors' remuneration report page 82)	218	183
Auditor's remuneration for audit services	99	64
Marketing*	89	80
Depositary fees	84	173
Registrar fees	24	19
	<b>915</b>	<b>953</b>

\* The Company is part of a marketing programme which includes all the Investment Trusts managed by the Manager. The marketing strategy has an ongoing objective to stimulate demand for the Company's shares. The cost of this marketing strategy is borne in partnership by the Company and the Manager. The Manager matches the Company's marketing contribution and provides the resource to manage and run the programme.

There were no non-audit fees in the years to 31 October 2023 or 31 October 2022.

## 05 Finance costs of borrowings

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Interest on bank loan	1,578	4,735	6,313	675	2,026	2,701

## 06 Tax

	2023 £'000	2022 £'000
<b>Analysis of charge in year</b>		
Overseas withholding tax	51	57
<b>Factors affecting tax charge for the year</b>		
The tax charge for the year is lower than the standard rate of corporation tax in the UK of 22.518% (2022 – 19.000%). The differences are explained below:		
<b>Net return before taxation</b>	<b>(182,515)</b>	<b>(542,124)</b>
Net return before taxation multiplied by the standard rate of corporation tax in the UK of 22.518% (2022 – 19.000%)	(41,099)	(103,004)
Capital returns not taxable	38,758	101,526
Income not taxable (UK dividends)	(85)	(77)
Income not taxable (overseas dividends)	(76)	(90)
Current year management expenses and non-trade loan relationship deficit not utilised	2,502	1,645
Overseas withholding tax incurred	51	57
<b>Tax charge for the year</b>	<b>51</b>	<b>57</b>

As an investment trust, the Company's capital gains are not taxable in the United Kingdom.

**Factors that may affect future tax charges**

At 31 October 2023 the Company had surplus management expenses and losses on non-trading loan relationships of £77,993,000 (2022 – £70,837,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

## 07 Net return per ordinary share

	2023 Revenue	2023 Capital	2023 Total	2022 Revenue	2022 Capital	2022 Total
Net return after taxation	<b>(0.65p)</b>	<b>(46.21p)</b>	<b>(46.86p)</b>	<b>(0.49p)</b>	<b>(134.82p)</b>	<b>(135.31p)</b>

Revenue return per ordinary share is based on the net revenue loss after taxation of £2,527,000 (2022 – net revenue loss of £1,976,000) and on 389,617,177 (2022 – 400,679,723) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Capital return per ordinary share is based on the net capital loss for the financial year of £180,039,000 (2022 – net capital loss of £540,205,000) and on 389,617,177 (2022 – 400,679,723) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

There are no dilutive or potentially dilutive shares in issue.



## 08 Fixed assets – investments

As at 31 October 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	491,243	–	–	491,243
Unlisted ordinary shares	–	–	19,450	19,450
Unlisted preference shares*	–	–	156,900	156,900
Unlisted convertible promissory note	–	–	3,707	3,707
<b>Total financial asset investments</b>	<b>491,243</b>	<b>–</b>	<b>180,057</b>	<b>671,300</b>

As at 31 October 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	696,135	–	–	696,135
Unlisted ordinary shares	–	–	22,456	22,456
Unlisted preference shares*	–	–	153,779	153,779
Unlisted convertible promissory note	–	–	434	434
<b>Total financial asset investments</b>	<b>696,135</b>	<b>–</b>	<b>176,669</b>	<b>872,804</b>

\* The investments in preference shares are not classified as equity holdings as they include liquidation preference rights that determine the repayment (or multiple thereof) of the original investment in the event of a liquidation event such as a take-over.

**Fair value hierarchy**

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

**Level 1** – using unadjusted quoted prices for identical instruments in an active market;

**Level 2** – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

**Level 3** – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 100. A sensitivity analysis by valuation technique of the unlisted securities is given on pages 113 to 115.

## 08 Fixed assets – investments (continued)

	Listed securities £'000	Unlisted securities * £'000	Total £'000
Cost of investments at 1 November 2022	757,935	118,092	876,027
Investment holding (losses)/gains at 1 November 2022	(61,800)	58,577	(3,223)
<b>Value of investments at 1 November 2022</b>	<b>696,135</b>	<b>176,669</b>	<b>872,804</b>
Movements in year:			
Purchases at cost	62,989	4,095	67,084
Sales – proceeds received	(93,663)	–	(93,663)
– realised losses on sales	(28,869)	–	(28,869)
Gains and losses on investments	(145,349)	(707)	(146,056)
<b>Value of investments at end of year</b>	<b>491,243</b>	<b>180,057</b>	<b>671,300</b>
Cost of investments at 31 October 2023	698,392	122,187	820,579
Investment holding losses at 31 October 2023	(207,149)	57,870	(149,279)
<b>Value of investments at 31 October 2023</b>	<b>491,243</b>	<b>180,057</b>	<b>671,300</b>

\* Includes holdings in ordinary shares, preference shares and convertible promissory note.

The Company received £93,663,000 from investments sold in the year (2022 – £120,190,000). The book cost of these investments when they were purchased was £122,533,000 (2022 – £54,050,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The purchases and sales proceeds figures above include transaction costs of £67,000 (2022 – £155,000) and £28,000 (2022 – £25,000) respectively.

	2023 £'000	2022 £'000
<b>Net gains on investments designated at fair value through profit or loss on initial recognition</b>		
Gains on sale	(28,869)	66,140
Changes in investment holding gains	(146,056)	(594,419)
	<b>(174,925)</b>	<b>(528,279)</b>

## 08 Fixed assets – investments (continued)

**Significant holdings disclosure requirements – AIC SORP**

Details are disclosed below in accordance with the requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in July 2022) in relation to unlisted investments in the top twenty of the List of Investments on page 24. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors as reported within the most recently audited financial statements of the investee companies, where possible.

As at 31 October 2023								
Name	Business	Latest Financial Statements	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover £'000	Pre-tax profit/ (loss) £'000	Net assets attributable to shareholders £'000
Space Exploration Technologies	Designs, manufactures and launches advanced rockets and spacecraft	n/a	19,570	62,861	Nil	Information not publicly available*		
PSiQuantum	Developer of commercial quantum computing	n/a	16,762	30,802	Nil	Information not publicly available*		

As at 31 October 2022								
Name	Business	Latest Financial Statements	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover £'000	Pre-tax profit/ (loss) £'000	Net assets attributable to shareholders £'000
Space Exploration Technologies	Designs, manufactures and launches advanced rockets and spacecraft	n/a	19,570	62,861	Nil	Information not publicly available*		
PsiQuantum	Developer of commercial quantum computing	n/a	16,762	27,682	Nil	Information not publicly available*		

\* Confidentiality agreements prevent the disclosure of this information.

## 09 Debtors

	2023 £'000	2022 £'000
<b>Amounts falling due within one year:</b>		
Income accrued (net of withholding taxes)	73	21
Sales for subsequent settlement	–	4,598
Other debtors and prepayments	251	263
	<b>324</b>	<b>4,882</b>

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value. There are no debtors that were past due or impaired at 31 October 2023 or 31 October 2022.

## 10 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
The Royal Bank of Scotland International Limited £100 million multi-currency revolving credit facility	103,249	103,827
Purchases for subsequent settlement	–	6,719
Investment management fee	879	1,141
Buybacks and related stamp duty awaiting settlement	128	433
Other creditors and accruals	1,777	1,131
	<b>106,033</b>	<b>113,251</b>

**Borrowing facilities at 31 October 2023:**

A five year £100 million multi-currency revolving credit facility with The Royal Bank of Scotland International Limited with an expiry date of 9 June 2026.

A five year £36 million multi-currency revolving credit facility with National Australia Bank Limited with an expiry date of 30 September 2024

At 31 October 2023 drawings were as follows:

- £100 million multi-currency facility with The Royal Bank of Scotland International Limited: €10,600,000 at an interest rate of 4.73% per annum; US\$77,150,000 at an interest rate of 6.75% per annum; and £30,437,000 at an interest rate of 6.63% per annum. The rollover/maturity date is 9 February 2024.

At 31 October 2022 drawings were as follows:

- £100 million multi-currency facility with The Royal Bank of Scotland International Limited: €10,600,000 at an interest rate of 1.71900% per annum; US\$77,150,000 at an interest rate of 4.31329% per annum; and £27,720,000 at an interest rate of 3.334430% per annum. The rollover/maturity date is 8 February 2022.

The main covenants relating to both loan facilities with National Australia Bank Limited and the facility with The Royal Bank of Scotland International Limited are: total borrowings shall not exceed 35% of the Company's adjusted gross assets and the minimum adjusted gross assets shall be £260 million. There were no breaches in the loan covenants during the year to 31 October 2023 (2022 – none).

## 11 Share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
Allotted, called up and fully paid ordinary shares of 1p each	387,094,641	3,871	392,285,023	3,923
Treasury shares of 1p each	18,659,054	187	13,468,672	135
	<b>405,753,695</b>	<b>4,058</b>	<b>405,753,695</b>	<b>4,058</b>

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the year to 31 October 2023 the Company issued no shares (in the year to 31 October 2022 – 550,000 shares with a nominal value of £6,000, representing 0.1% of the issued share capital at 31 October 2021 raising net proceeds of £1,730,000).

Over the period from 31 October 2023 to 23 January 2024 the Company has issued no further shares.

The Company also has authority to buy back shares. In the year to 31 October 2023, 5,190,382 shares with a nominal value of £52,000 were bought back at a total cost of £8,263,000 and held in treasury (2022 – 13,468,672 shares with a nominal value of £135,000 were bought back at a total cost of £25,338,000 and held in treasury). At 31 October 2023 the Company had authority to buy back a further 56,303,524 ordinary shares.

Over the period from 31 October 2023 to 23 January 2024 the Company has bought back a further 1,960,933 shares at a total cost of £2,858,000.

## 12 Capital and reserves

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 November 2022	4,058	499,723	35,220	242,654	(6,089)	<b>775,566</b>
Net gains on sales of investments	–	–	–	(28,869)	–	<b>(28,869)</b>
Changes in investment holding gains	–	–	–	(146,056)	–	<b>(146,056)</b>
Exchange differences on bank loans	–	–	–	3,297	–	<b>3,297</b>
Other exchange differences	–	–	–	(495)	–	<b>(495)</b>
Ordinary shares bought back into treasury	–	–	–	(8,263)	–	<b>(8,263)</b>
Investment management fee charged to capital	–	–	–	(3,181)	–	<b>(3,181)</b>
Finance cost of borrowings charged to capital	–	–	–	(4,735)	–	<b>(4,735)</b>
Revenue return after taxation	–	–	–	–	(2,527)	<b>(2,527)</b>
At 31 October 2023	<b>4,058</b>	<b>499,723</b>	<b>35,220</b>	<b>54,352</b>	<b>(8,616)</b>	<b>584,737</b>

The capital reserve includes investment holding losses on fixed asset investments of £149,279,000 (2022 – losses of £3,223,000) as disclosed in note 8.

The special reserve arose following the court approval for the cancellation of 30% of the value of the share premium account on 29 April 1999.

The special reserve may be utilised to finance any purchase of the Company's ordinary shares.

The revenue reserve is the only reserve distributable by way of dividend.



### 13 Net asset value per ordinary share

	2023	2022	2023 £'000	2022 £'000
Shareholders' funds	151.06p	197.70p	584,737	775,566

Net asset value per ordinary share is based on the net assets as shown above and 387,094,641 (2022 – 392,285,023) ordinary shares (excluding treasury shares), being the number of ordinary shares in issue at each year end.

At 31 October 2023 and 31 October 2022 all borrowings are in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value per share between including debt at book, or fair value, in the calculation.

### 14 Analysis of change in net debt

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	At 1 October 2022 £'000	Cash flows £'000	Exchange movement £'000	At 31 October 2023 £'00
Cash and cash equivalents	11,131	8,510	(495)	19,146
Loans due within one year	(103,827)	(2,717)	3,295	(103,249)
	<b>(92,696)</b>	<b>5,793</b>	<b>2,800</b>	<b>(84,103)</b>

### 15 Transactions with related parties and the Managers and Secretaries

The Directors' fees for the year are detailed in the Directors' remuneration report on page 82. No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

Details of the management contract are set out in the Directors' report on pages 65 and 66. The management fee payable to the Managers by the Company for the year, as disclosed in note 3, was £4,241,000 (2022 – £5,107,000) of which £879,000 (2022 – £1,141,000) was outstanding at the year end, as disclosed in note 10.

### 16 Contingencies, guarantees and financial commitments

At 31 October 2023 there are contingent assets not recognised in the Financial Statements in respect of potential deferred proceeds from the SPAC acquisitions of two investee companies, which are estimated to be approximately £8.25 million (31 October 2022 – £8.68 million from one investee company). The economic benefits flowing from the deferred proceeds are deemed to be probable and the full extent to which this amount will become receivable in due course is dependent on future events.

There were no contingent liabilities, guarantees or financial commitments at either the current or prior year balance sheet date.

## 17 Financial instruments

As an Investment Trust, the Company invests in listed and unlisted securities and makes other investments so as to meet its investment objective of achieving long term capital growth. The Company borrows money when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility. Risk provides the potential for both losses and gains and in assessing risk the Board encourages the Managers to exploit the opportunities that risk affords.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

### Market risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 8 and on pages 25 to 29.

### i. Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Managers assess the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below.

At 31 October 2023	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	546,628	18,181	(63,579)	(922)	500,308
Japanese yen	12,005	–	–	–	12,005
Euro	4,987	–	(9,233)	(101)	(4,347)
Hong Kong dollar	3,123	–	–	–	3,123
Danish krone	9,197	–	–	–	9,197
Swiss franc	1,044	–	–	30	1,074
Australian dollar	7,685	–	–	–	7,685
<b>Total exposure to currency risk</b>	<b>584,669</b>	<b>18,181</b>	<b>(72,812)</b>	<b>(993)</b>	<b>529,045</b>
Sterling	86,631	965	(30,437)	(1,467)	55,692
	<b>671,300</b>	<b>19,146</b>	<b>(103,249)</b>	<b>(2,460)</b>	<b>584,737</b>

\* Includes non-monetary assets of £202,000.

## 17 Financial instruments (continued)

## i. Currency risk (continued)

At 31 October 2022	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	683,180	8,393	(67,008)	(2,877)	621,688
Japanese yen	20,977	-	-	-	20,977
Danish krone	18,474	-	-	-	18,474
Hong Kong dollar	15,882	-	-	-	15,882
Swiss franc	10,889	-	-	31	10,920
Australian dollar	9,903	-	-	-	9,903
Euro	13,524	-	(9,099)	1,113	5,538
<b>Total exposure to currency risk</b>	<b>772,829</b>	<b>8,393</b>	<b>(76,107)</b>	<b>(1,733)</b>	<b>703,382</b>
Sterling	99,975	2,738	(27,720)	(2,809)	72,184
	<b>872,804</b>	<b>11,131</b>	<b>(103,827)</b>	<b>(4,542)</b>	<b>775,566</b>

\* Includes non-monetary assets of £213,000.

## Currency risk sensitivity

At 31 October 2023, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The level of change is considered to be reasonable based on observations of current market conditions. The analysis is performed on the same basis for 2022.

	2023 £'000	2022 £'000
US dollar	25,015	31,084
Japanese yen	600	1,049
Danish krone	460	924
Australian dollar	384	495
Euro	(217)	277
Hong Kong dollar	156	794
Swiss franc	54	546
	<b>26,452</b>	<b>35,169</b>

## ii. Interest rate risk

Interest rate movements may affect directly:

- the fair value of any investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of any fixed-rate borrowings; and
- the interest payable on any variable rate borrowings.

Interest rate movements may also impact upon the market value of the Company's investments other than any fixed income securities. The effect of interest rate movements upon the earnings of an investee company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board. Movements in interest rates, to the extent that they affect the market value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value (assuming that the Company's share price is unaffected by movements in interest rates).

## 17 Financial instruments (continued)

## ii. Interest rate risk (continued)

The interest rate risk profile of the Company's financial assets and liabilities at 31 October is shown below:

**Financial assets**

	2023 Fair value £'000	2023 Weighted average interest rate	2023 Weighted average period until maturity *	2022 Fair value £'000	2022 Weighted average interest rate	2022 Weighted average period until maturity *
<b>Cash and short term deposits:</b>						
US dollar	18,181	4.8%	n/a	8,393	–	n/a
Sterling	965	4.5%	n/a	2,738	–	n/a

\* Based on expected maturity date.

The cash deposits generally comprise overnight call or short term money market deposits of less than one month which are repayable on demand. The comparative index rate which determines the interest payments received on cash balances is the bank base rate.

**Financial liabilities**

The interest risk profile of the Company's financial liabilities and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 31 October are shown below:

**Interest Rate Risk Profile**

The interest rate risk profile of the Company's financial liabilities at 31 October was:

	2023 £'000	2022 £'000
<b>Floating rate:</b>		
Stirling denominated	30,437	27,720
US\$ denominated	63,579	67,008
Euro denominated	9,233	9,099
	<b>103,249</b>	<b>103,827</b>

**Maturity profile**

The maturity profile of the Company's financial liabilities at 31 October was:

	2023 £'000	2022 £'000
<b>In less than three months:</b>		
Repayment of loans	103,249	103,827
Accumulated interest	1,556	1,008
	<b>104,805</b>	<b>104,835</b>

**Interest rate risk sensitivity**

An increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Company's total net assets and total return for the year ended 31 October 2023 by £5,159,000 (2022 – decreased by £4,198,000). This is due to the Company's exposure to interest rates on its revolving floating rate bank loans and cash balances. A decrease of 100 basis points would have had an equal but opposite effect.

## 17 Financial instruments (continued)

### iii. Other price risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Managers. The Company's portfolio of unlisted level 3 investments is not necessarily affected by market performance, however the valuations are affected by the performance of the underlying securities in line with the valuation criteria in note 1(e). The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the comparative index: investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

### Other price risk sensitivity

A full list of the Company's investments is given on pages 25 to 29. In addition, a geographical analysis of the portfolio and an analysis of the investment portfolio by broad industrial or commercial sector is given on pages 30 and 31.

84.0% (2022 – 89.8%) of the Company's net assets are invested in quoted equities. A 10% increase in quoted equity valuations at 31 October 2023 would have increased total assets and total return by £49,124,000 (2022 – £69,613,000). A decrease of 10% would have had an equal but opposite effect.

30.8% (2022 – 22.8%) of the Company's net assets are invested in unlisted securities. The fair valuation of the unlisted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(d) on pages 99 and 100).

A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the potential upside and downside risk resulting from the estimation uncertainty associated with the fair valuation process. The inputs have been flexed by +/-10% to illustrate what the impact of movements in these variables would have on the end valuations, with the exception of the Recent Transaction Price valuation approach as it does not involve significant subjectivity.

As at 31 October 2023	Significant unobservable inputs*						
	Fair value of investments £'000	Key unobservable inputs	Other unobservable inputs†	Range	Weighted average range #	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Recent transaction price	97,121	N/A	a,b	n/a	n/a	n/a	n/a
Comparable company performance	77,481	Selection of comparable companies	a,b,c,f	(27.9%) – 24.2%	(3.4%)	10%	If input comparable company performance changed by +/-10%, the fair value would change by £6,053,422 and -£5,581,056.
Market approach using comparable trading multiples	5,455	EV/LTM revenue multiple	a,b,c,d	4.10 – 4.9x	6.5x	10%	If EV/LTM multiples changed by +/-10%, the fair value would change by £454,432 and -£454,366.
		Discount for lack of liquidity	e	10%	n/a	10%	If the illiquidity discount is changed by +/-10%, the fair value would change by £60,652 and -£60,586.

## 17 Financial instruments (continued)

## iii. Other price risk (continued)

## Other Price Risk Sensitivity (continued)

Valuation technique	Fair value of investments £'000	Significant unobservable inputs*					Sensitivity to changes in significant unobservable inputs
		Key unobservable inputs	Other unobservable inputs <sup>†</sup>	Range	Weighted average range #	Sensitivity %	
Recent transaction price	82,745	n/a	a,b	n/a	n/a	n/a	n/a
Comparable company performance	83,497	Selection of comparable companies <sup>‡</sup>	a,b,f	(6.2%) – (64.8%)	(33.3%)	10%	If input comparable company performance changed by +/-10%, the fair value would change by £4,497,000 and -£4,363,000
Market approach using comparable trading multiples	10,427	EV/LTM revenue multiple <sup>¶</sup>	a,b,c,d	5.21x	5.2x	0%	If EV/LTM multiples changed by +/-10%, the fair value would change by £394,000 and -£393,000
		Discount for lack of liquidity	a,b,c,d,e	(10%)	n/a	10%	If the illiquidity discount is changed by +/-10%, the fair value would change by £47,000 and -£46,000

<sup>†</sup> See explanation of significant unobservable inputs below (sections 'a' to 'f' as relevant).

# Weighted average is calculated by reference to the fair value of holdings as at the respective year end. This therefore gives a clearer indication of the typical multiple or adjustment being applied across the portfolio.

<sup>‡</sup> See explanation for the selection of comparable companies on page 115, section 'c'. The percentage movements reflect the movement in overall company value for the basket of comparable companies relevant to each holding since the most recent transaction or since the last assessed.

<sup>¶</sup> Enterprise value (EV) divided by the last twelve months (LTM) revenue.

\* **Significant unobservable inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each unlisted company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(d) on pages 99 and 100.

**a. Application of valuation basis**

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading Multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

**b. Probability estimation of liquidation events**

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the Transaction-based and Multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.



## 17 Financial instruments (continued)

### iii. Other price risk (continued)

#### Significant unobservable inputs (continued)

##### c. Selection of comparable companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on the companies selected and the industries they operate in and can vary in the range of 1x to 10x.

##### d. Estimated sustainable earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

##### e. Application of liquidity discount

The application of a liquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

##### f. Selection of appropriate benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison.

#### Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which gives it access to additional funding when required. The Company's borrowing facilities are detailed in note 10 and the maturity profile of its borrowings are set out on page 112.

#### Credit risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- where the Managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Managers monitor the Company's risk by reviewing the Custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's Custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed; and
- cash is only held at banks that are regularly reviewed by the Managers.

As at 31 October 2023 the Company owned unquoted preference share securities (2022 – none). Some of these may have been classified as debt by the issuer. There are no material amounts past due in relation to these securities. As these instruments (alongside the ordinary share securities) have been recognised at fair value through profit and loss, the fair value takes into account credit, market and other price risk.

## 17 Financial instruments (continued)

### iii. Other price risk (continued)

#### Credit risk exposure

The maximum exposure to credit risk at 31 October was:

	2023 £'000	2022 £'000
Fixed interest investments	3,707	434
Cash and short term deposits	19,146	11,131
Debtors and prepayments	324	4,882
	<b>23,177</b>	<b>16,447</b>

None of the Company's financial assets are past due or impaired (2022 – none).

#### Fair value of financial assets and financial liabilities

The Directors are of the opinion that either the financial assets and liabilities of the Company are stated at fair value or where they are measured at amortised cost, amortised cost is considered to be a reasonable approximation of fair value.

All short term floating rate borrowings are stated at book cost which is considered to be equal to their fair value given the facilities are revolving credit facilities and as at 31 October 2023 amounted to £103,827,000 (2022 – £103,827,000).

#### Capital management

The capital of the Company is its share capital and reserves as set out in note 12 together with its borrowings (see note 10). The objective of the Company is the achievement of long term capital growth by investing primarily in listed companies throughout the world. The Company's investment policy is set out on pages 44 to 45. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 75, pages 47 to 52 and pages 74 and 75, respectively. The Company has the authority to issue and to buy back its shares (see pages 67 to 69) and changes to the share capital during the year are set out in note 11. The Company does not have any externally imposed capital requirements other than the covenants on its loans which are detailed in note 10.

## 18 Subsequent events

Up to the date of this report the Company is not aware of any subsequent events.

## 19 Alternative Investment Fund Managers (AIFM) Directive

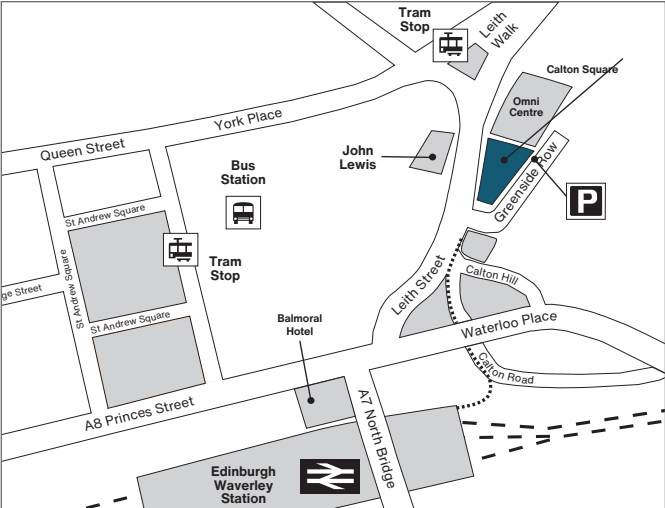
In accordance with the Alternative Investment Fund Managers Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available at [bailliegifford.com](https://www.bailliegifford.com) or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period are also available at [bailliegifford.com](https://www.bailliegifford.com). The Company's maximum and actual leverage levels (see Glossary of terms and Alternative Performance Measures on pages 130 to 132) at 31 October 2022 are shown below:

#### Leverage

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.18:1	1.18:1

# Shareholder information

# Notice of Annual General Meeting



 **Baillie Gifford**

 **By Rail:**  
Edinburgh Waverley – approximately a 5 minute walk away

 **By Bus:**  
Lothian Buses local services include:  
1, 5, 7, 8, 10, 12, 14, 15, 15A, 16, 22, 25, 34

 **By Tram:**  
Stops at St Andrew Square and Leith Walk

..... Access to Waverley Train Station on foot

**Baillie Gifford™**



The Annual General Meeting of the Company will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, on Tuesday, 5 March 2024 at 12 noon.

To accurately reflect the views of shareholders of the Company, the Board intends to hold the AGM voting on a poll, rather than on a show of hands as has been customary. The Board encourages all shareholders to complete and return proxy voting forms enclosed with the Annual Report as soon as possible and, in any event, by no later than 12 noon on 1 March 2024, to ensure that your votes are represented at the meeting (whether or not you intend to attend in person). Should you or, if appointed, your proxy, wish to watch the Annual General Meeting electronically, please get in touch with the Managers at [trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com), who will be able to provide you with details and instructions for doing so. Please note you will not be able to vote and you will not be counted as part of the quorum but you will have the opportunity to watch the Managers' presentation.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to [trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com) or call 0800 917 2112. Baillie Gifford may record your call.

Notice is hereby given that the twenty sixth Annual General Meeting of Edinburgh Worldwide Investment Trust plc (the 'Company') will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Tuesday, 5 March 2024 at 12 noon for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12 and 13 will be proposed as special resolutions:

01. To receive and adopt the Annual Report and Financial Statements of the Company for the financial year ended 31 October 2023 together with the Reports of the Directors and of the Independent Auditor thereon.
02. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 October 2023.
03. To re-elect Helen James as a Director of the Company.
04. To re-elect Caroline Roxburgh as a Director of the Company.
05. To re-elect Jonathan Simpson-Dent as a Director of the Company.
06. To re-elect Mungo Wilson as a Director of the Company.
07. To re-elect Mary Gunn as a Director of the Company.
08. To re-elect Jane McCracken as a Director of the Company.
09. To re-appoint Ernst & Young LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor of the Company.
11. That, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and grant of rights in respect of shares with an aggregate nominal value of up to £1,270,941.24 (representing approximately 33% of the nominal value of the issued share capital as at 23 January 2024), such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

12. That, subject to the passing of Resolution 11 above, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the authority given by Resolution 11 above and to sell treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
- a. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
  - b. shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £385,133.71 (representing approximately 10% of the nominal value of the issued share capital of the Company as at 23 January 2024).
13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares in the capital of the Company ('Ordinary Shares') (either for retention as treasury shares for future reissue, resale, transfer or for cancellation) provided that:
- a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 57,769,017 or, if less, the number representing approximately 14.99% of the issued ordinary share capital (excluding treasury shares) of the Company as at the date of the passing of this Resolution;
  - b. the minimum price (excluding expenses) which may be paid for each Ordinary Share shall be the nominal value of that share;
  - c. the maximum price (excluding expenses) which may be paid for any Ordinary Share purchased pursuant to this authority shall not be more than the higher of:
    - i. 5% above the average closing price on the London Stock Exchange of an Ordinary Share over the five business days immediately preceding the day of purchase; and
    - ii. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out; and
  - d. unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract or contracts.

By Order of the Board  
Baillie Gifford & Co Limited  
Managers and Secretaries  
2 February 2024



## Notes

01. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.
02. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or **eproxyappointment.com**, not less than two days (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.
03. Only those shareholders having their name entered on the Company's share register not later than 12 noon on 1 March 2024 or, if the meeting is adjourned, at 12 noon two days (excluding non-working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the Articles of Association of the Company or other instrument to the contrary.
04. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
05. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website **euroclear.com/CREST**. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's registrars, Computershare Investor Services PLC (ID 3RA50) by no later than 12 noon on 1 March 2024. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

06. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ('Nominated Persons'). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.

07. As at 23 January 2024 (being the latest practicable date prior to the publishing of this notice) the Company's issued share capital (excluding treasury shares) comprised 385,133,708 ordinary shares of 1p each. Therefore, as at 23 January 2024, the total number of voting rights exercisable at the meeting is 385,133,708.
08. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chair as his/her proxy will need to ensure that both he/she and such third party comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
09. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN.
10. Information regarding the meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website, **[edinburghworldwide.co.uk](http://edinburghworldwide.co.uk)**.
11. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
  - a. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information
  - b. the answer has already been given on a website in the form of an answer to a question; or
  - c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
13. No Director has a contract of service with the Company.

# Further shareholder information

## Edinburgh Worldwide is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced professional managers; and
- the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

## How to invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Edinburgh Worldwide, you can do so online. There are a number of companies offering real time online dealing services.

## Sources of further information on the Company

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times and The Scotsman under 'Equity Investment Instruments'. The price of shares can also be found on the Company's page on Baillie Gifford's website at [edinburghworldwide.co.uk](http://edinburghworldwide.co.uk), Trustnet at [trustnet.co.uk](http://trustnet.co.uk) and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

## Edinburgh Worldwide share identifiers

ISIN GB00BHSRZC82

Sedol BHSRZC8

Ticker EWI

Legal Entity Identifier 213800JUA8RKIDDLH380

## Key dates

The Company pays the minimum permissible level of final dividend and no interim dividend. If a dividend was payable this would be due soon after the Annual General Meeting.

## Share register enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1643.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at [investorcentre.co.uk](http://investorcentre.co.uk).

They also offer a free, secure, share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;
- update bank mandates and change address details; and
- use online dealing services.

To take advantage of this service, please log in at [investorcentre.co.uk](http://investorcentre.co.uk) and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

### Electronic proxy voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at [eproxyappointment.com](http://eproxyappointment.com).

If you have any questions about this service please contact Computershare on 0370 707 1643.

### CREST proxy voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

### Data protection

The Company is committed to ensuring the confidentiality and security of any personal data provided to it. Further details on how personal data is held and processed on behalf of the Company can be found in the privacy policy available on the Company's website [edinburghworldwide.co.uk](http://edinburghworldwide.co.uk).

### Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Edinburgh Worldwide Investment Trust plc is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Edinburgh Worldwide Investment Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders [gov.uk/guidance/automatic-exchange-of-information-account-holders](http://gov.uk/guidance/automatic-exchange-of-information-account-holders).

### Third party data provider disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered

by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

### **S&P Index data**

The S&P Global Small Cap Index ('Index') is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ('SPDJI'). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ('S&P'); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ('Dow Jones'). Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

### **MSCI Index data**

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### **FTSE Index data**

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# Communicating with shareholders



Trust magazine

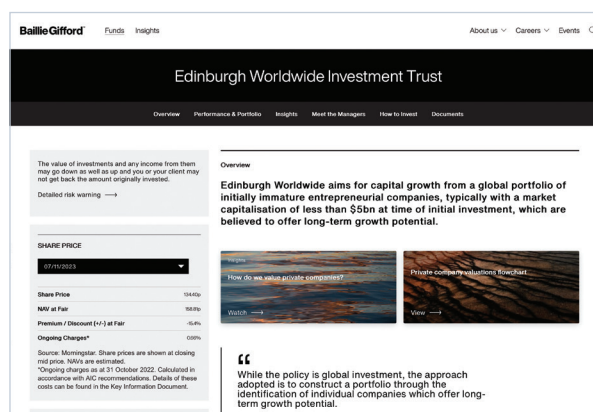
## Trust magazine

*Trust* is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Edinburgh Worldwide. *Trust* plays an important role in helping to explain our products so that readers can really understand them.

You can subscribe to Trust magazine or view a digital copy at [baillieghifford.com/trust](https://baillieghifford.com/trust).

## Suggestions and questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details in the 'Further Information' box on the back cover) and give them your suggestions. They will also be very happy to answer questions that you may have about Edinburgh Worldwide.



Edinburgh Worldwide Investment Trust web page at [edinburghworldwide.co.uk](https://edinburghworldwide.co.uk)

## Edinburgh Worldwide on the Web

Up-to-date information about Edinburgh Worldwide can be found on the Company's page of the Managers' website at [edinburghworldwide.co.uk](https://edinburghworldwide.co.uk). You will find full details on Edinburgh Worldwide, including recent portfolio information and performance figures.

## Client relations team contact details

You can contact the Baillie Gifford Client Relations Team by telephone, email or post:

Telephone: 0800 917 2112

Your call may be recorded for training or monitoring purposes.

Email: [trustenquiries@baillieghifford.com](mailto:trustenquiries@baillieghifford.com)

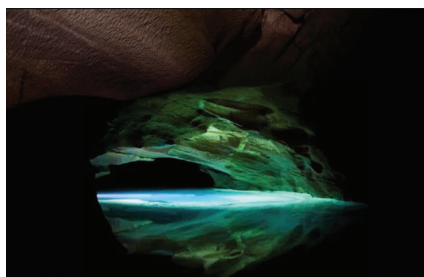
Website: [baillieghifford.com](https://baillieghifford.com)

Address:

Baillie Gifford Client Relations Team  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

**Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice, please ask an authorised intermediary.**

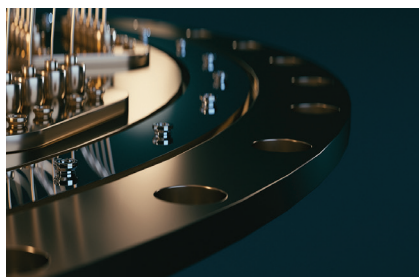




### **EWIT: growth companies shaping our tomorrow**

**by Douglas Brodie**

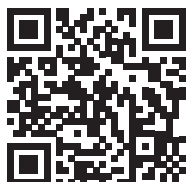
Investor Douglas Brodie talks about his approach and exciting opportunities for the portfolio.



### **A view from the frontiers**

**by Douglas Brodie**

How Edinburgh Worldwide Investment Trust spots potential disruptors in turbulent times.



### **How Alynlam nips disease in the bud**

**by Linda Geddes**

The US-based company's technology promises to 'silence' genetic disorders and target some of the world's biggest killers.



# Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As Baillie Gifford Japan is marketed in the EU by the AIFM, Baillie Gifford & Co Limited, via the National Private Placement Regime ('NPPR') the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the

value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Investment Manager's approach to sustainability can be found in the ESG Principles and Guidelines document, available publicly on the Baillie Gifford website **bailliegifford.com** and by scanning the QR code below.

The underlying investments do not take into account the EU criteria for environmentally sustainable economic activities established under the EU Taxonomy Regulation.









# Glossary of terms and Alternative Performance Measures ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

## Total assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

## Net Asset Value ('NAV')

Also described as shareholders' funds, net asset value is the value of total assets less liabilities (including borrowings). Net asset value can be calculated on the basis of borrowings stated at book value and fair value. An explanation of each basis is provided below. The net asset value per share is calculated by dividing this amount by the number of ordinary shares in issue excluding any shares held in treasury.

## Net Asset Value (borrowings at book value)

Borrowings are valued at their nominal book value. The value of the borrowings at book and fair value are set out on page 116.

## Net Asset Value (borrowings at fair value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at book and fair value are set out on page 116.

## Net Asset Value (reconciliation of NAV at book value to NAV at fair value)

	2023 £'000	2022 £'000
Net asset value per ordinary share (borrowings at book value)	151.06p	197.70p
Shareholders' funds (borrowings at book value)	£584,737	£775,566
Add: book value of borrowings	£103,249	£103,827
Less: fair value of borrowings	(£103,249)	(£103,827)
<b>Shareholders' funds (borrowings at fair value)</b>	<b>£584,737</b>	<b>£775,566</b>
Number of shares in issue	387,094,641	392,285,023
<b>Net asset value per ordinary share (borrowings at fair value)</b>	<b>151.06p</b>	<b>197.70p</b>

At 31 October 2023 and 31 October 2022 all borrowings are in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value at book value and fair value.

## Net liquid assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

## Discount/premium (APM)

As stock markets and share prices vary, an investment trust's share price is rarely the same as its net asset value. When the share price is lower than the net asset value per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, this situation is called a premium.

		2023	2022
Net asset value per ordinary share	(a)	151.06p	197.70p
Share price	(b)	124.80p	172.60p
<b>(Discount)/premium</b>	<b>((b) - (a)) ÷ (a)</b>	<b>(17.4%)</b>	<b>(12.7%)</b>

## Total return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

## Compound annual return (APM)

The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compound value at the start of each year.

## Leverage (APM)

For the purposes of the Alternative Investment Fund Managers ('AIFM') Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. The leverage figures at 31 October 2023 are detailed on page 116.

## Active share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

## Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing is the Company's borrowings at book value less cash and cash equivalents (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

		2023 £'000	2022 £'000
Borrowings (at book value)		£103,249	£103,827
Less: cash and cash equivalents		(£19,146)	(£11,131)
Less: sales for subsequent settlement		–	(£4,598)
Add: purchases for subsequent settlement		–	£6,719
Add: buy-backs awaiting settlement		£128	£433
Adjusted borrowings	(a)	£84,231	£95,250
Shareholders' funds	(b)	£584,737	£775,566
<b>Gross gearing</b>	<b>(a) as a percentage of (b)</b>	<b>14%</b>	<b>12%</b>

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

		2023 £'000	2022 £'000
Borrowings (at book value)	(a)	£103,249	£103,827
Shareholders' funds	(b)	£584,737	£775,566
<b>Potential gearing</b>	<b>(a) as a percentage of (b)</b>	<b>18%</b>	<b>13%</b>

## Ongoing charges (APM)

The total expenses (excluding dealing and borrowing costs) incurred by the Company as a percentage of the daily average net asset value (with borrowings at market value), as detailed below.

		2023 £'000	2022 £'000
Investment management fee		£4,241	£5,107
Other administrative expenses		£915	£953
Total expenses	(a)	£5,156	£6,060
Average daily cum-income net asset value (with debt at fair value)	(b)	£731,407	£959,272
<b>Ongoing charges</b>	<b>(a) as a percentage of (b)</b>	<b>0.70%</b>	<b>0.63%</b>

## Share split

A share split (or stock split) is the process by which a company divides its existing shares into multiple shares. Although the number of shares outstanding increases, the total value of the shares remains the same with respect to the pre-split value.

## Unlisted (private) company

An unlisted company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.



# Company information

## Directors

Chair: Henry Strutt  
Mary Gunn  
Helen James  
Jane McCracken  
Caroline Roxburgh  
Jonathan Simpson-Dent  
Mungo Wilson

## Registrar

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Services PLC

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Bridgwater Road  
Bristol BS99 6ZZ

T: +44 (0)370 707 1643

## Independent Auditor

Ernst & Young LLP

25 Churchill Place  
Canary Wharf  
London E14 5EY

## Depository

The Bank of New York Mellon  
(International) Limited

1 Canada Square  
London E14 5AL

## Company Broker

Numis Securities Limited

45 Gresham Street  
London EC2V 7BF

## Further information

Client Relations Team

Baillie Gifford & Co  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

T: +44 (0)800 917 2112

[trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com)

## Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited

Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

T: +44 (0)131 275 2000

[bailliegifford.com](http://bailliegifford.com)

## Company details

[edinburghworldwide.co.uk](http://edinburghworldwide.co.uk)

Company Registration No. SC184775

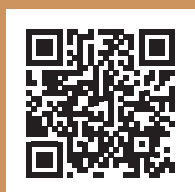
ISIN: GB00BHSRZC82

Sedol: BHSRZC8

Ticker: KPC

Legal Entity Identifier:  
213800JUA8RKIDDLH380

[edinburghworldwide.co.uk](http://edinburghworldwide.co.uk)



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